MUNICIPALITY OF DRAKENSTEIN

DRAKENSTEIN
MUNISIPALITEIT • MUNICIPALITY • U MASIPALA WASE

UNAUDITED

FINANCIAL STATEMENTS

30 JUNE 2014

DRAFT

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GENERAL INFORMATION

MEMBERS OF THE EXECUTIVE MAYORAL COMMITTEE

COUNCILLOR G VAN DEVENTER	:	EXECUTIVE MAYOR OF THE MAYORAL COMMITTEE
COUNCILLOR CJ POOLE	:	DEPUTY EXECUTIVE MAYOR & MAYORAL COMMITTEE MEMBER OF RURAL DEVELOPMENT
COUNCILLOR G COMBRINK	:	MAYORAL COMMITTEE MEMBER OF FINANCE
COUNCILLOR N ADAMS	:	MAYORAL COMMITTEE MEMBER OF SOCIAL SERVICES AND COMMUNITY DEVELOPMENT
COUNCILLOR W PHILANDER	:	MAYORAL COMMITTEE MEMBER OF HOUSING AND HUMAN SETTLEMENTS
COUNCILLOR L DU TOIT	:	MAYORAL COMMITTEE MEMBER OF ENVIROMENTAL AFFAIRS, OPEN SPACES AND PARKS
COUNCILLOR L NTLEMEZA	:	MAYORAL COMMITTEE MEMBER OF CORPORATE SERVICES
COUNCILLOR R SMUTS	:	MAYORAL COMMITTEE MEMBER OF DISASTER MANAGEMENT
COUNCILLOR E KEARNS	:	MAYORAL COMMITTEE MEMBER OF PUBLIC INTERGOVERNMENTAL RELATIONS
COUNCILLOR J RADEMEYER	:	MAYORAL COMMITTEE MEMBER OF INFRASTRUCTURE SERVICES
COUNCILLOR T SMITH	:	MAYORAL COMMITTEE MEMBER OF PLANNING & ECONOMIC DEVELOPMENT
COUNCILLOR AC STOWMAN	:	MAYORAL COMMITTEE MEMBER OF SPORT, CULTURE, YOUTH DEVELOPMENT & STUDENT AFFAIRS
COUNCILLOR J MATTHEE	:	MAYORAL COMMITTEE MEMBER OF MUNICIPAL ACCOUNTS COMMITTEE

COUNCIL MEMBERS

NR	SURNAME	INITIALS	NR	SURNAME	INITIALS
1	ADAMS	ND	32	LE ROUX	JF
2	ADRIAANSE	MM	33	LUMKO	S
3	AFRIKA	AF	34	MANGENA	TC
4	ALLOM	A	35	MATTHEE	J
5	APPOLLIS	CJ	36	MBUBU	V
6	APPOLLIS	MB	37	MCHELM	JC
7	ARNOLDS	RB	38	MSOLO	MC
8	BEKEER	A	39	MTIKI	N
9	BLANCKENBERG	DS	40	NAUDE	WJ
10	BOLANI	LE	41	NIEHAUS	LW
11	BUCKLE	AML	42	NOMANA	TZ
12	COMBRINK	GC	43	NTLEMEZA	LE
13	CUPIDO	FP	44	PALISO	M
14	CUPIDO	PBA	45	PHILANDER	WF
15	DARIES	LN	46	POOLE	CJ
16	DAVIDS	CO	47	RADEMEYER	JG
17	DE GOEDE	HR	48	RENS	SC
18	DE WET	J	49	ROSS	CS
19	DU TOIT	LM	50	ROSS	S
20	GOUWS	E	51	SMIT	WE
21	GWADA	ZL	52	SMITH	MJ
22	HLATHI	V	53	SMUTS	R
23	JACOBS	AN	54	SOMGQEZA	TE
24	JULIUS	EA	55	STOWMAN	AC
25	KEARNS	C	56	TSHAYA	MA
26	KEARNS	EM	57	VAN DER WESTHUIZEN	CC
27	KIKA-DYSON	SN	58	VAN DEVENTER	GMM
28	KEM	Z	59	VAN NIEUWENHUYZEN	RH
29	KOEGELENBERG	RA	60	VON SCHLICHT	H
30	KOTZE	DA	61	WITBOOI	GJ
31	LANDU	L			

MEMBERS OF THE AUDIT COMMITTEE

- Mrs Rozan Jaftha — Chairperson of Finance Committee
- Mr William James Sewell — Member
- Mr Mandla Mdludlu — Member
- Mr Graham Smit — Member
- Mr Ronnie Kingwill — Member

AUDITORS	:	The Auditor-General
BANKERS	:	NEDBANK
GRADING OF LOCAL AUTHORITY	:	10

REGISTERED OFFICE:

Drakenstein Municipality	P O Box 1
Berg River Boulevard	Main Street
PAARL	PAARL
7646	7622

TELEPHONE	:	(021) 807-4500
FAX	:	(021) 872-8054
MUNICIPAL MANAGER	:	MR JF METTLER
EXECUTIVE DIRECTOR: FINANCE	:	MR J CARSTENS
MAYOR	:	COUNCILLOR G VAN DEVENTER
DEPUTY MAYOR	:	COUNCILLOR CJ POOLE
SPEAKER	:	COUNCILLOR K LE ROUX

EXECUTIVE MANAGEMENT

- MUNICIPAL MANAGER : MR JF METTLER
- EXECUTIVE MANAGER: CORPORATE GOVERNANCE : MRS A DE BEER
- CHIEF FINANCIAL OFFICER : MR J CARSTENS
- EXECUTIVE MANAGER: PLANNING & ECONOMIC DEVELOPMENT : MR A ADAM
- EXECUTIVE MANAGER: INFRASTRUCTURE : MR D LOUW
- EXECUTIVE MANAGER: COMMUNITY SERVICES : MR G BOSHOFF

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual Financial Statements, which are set out on pages 1 to 77, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 28 of these annual Financial Statements are within the upper limits of the framework envisaged in section 219 of the constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Governments determination in accordance with this Act.

_____

MR JF METTLER
MUNICIPAL MANAGER

DATE: _____

DRAKENSTEIN MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

	Note	JUNE 2014 R	JUNE 2013 Restated R
ASSETS			
Non-current assets		**4,621,744,990**	**4,135,108,854**
Property, plant and equipment	11	4,483,546,575	3,996,492,175
Heritage Assets	14	33,903,936	33,903,936
Intangible Assets	12	8,080,771	8,080,771
Investment property	13	93,057,000	93,057,000
Non current assets classified as held for sale	4	1,983,022	1,983,022
Investments	15	139,301	153,005
Long-term receivables	16	1,034,386	1,438,946
Current assets		**433,356,101**	**414,127,942**
Inventory	17	29,632,586	46,813,327
VAT	18	12,337,870	12,913,004
Receivables from exchange transactions	19 & 20	149,119,303	159,610,507.34
Receivables from non-exchange transactions	19.1 & 20.1	63,175,834	58,652,855
Current portion of long-term receivables	16	304,325	291,916
Cash and cash equivalents	21	178,786,182	135,846,333
Total Assets		***5,055,101,091***	***4,549,236,796***
NET ASSETS AND LIABILITIES			
Non-current liabilities		**729,251,904**	**708,183,073**
Long-term liabilities	5	536,232,371	531,974,484
Retirement Benefit Obligation	6	115,517,021	110,758,956
Non-Current Provisions	7	77,502,512	65,449,633
Current liabilities		**388,678,666**	**352,705,767**
Consumer deposits	8	28,462,070	25,925,779
Payables from exchange transactions	9	179,514,121	181,759,159
Unspent conditional grants and receipts	10	38,677,632	24,935,006
Current portion of long-term liabilities	5	115,669,897	98,262,569
Current portion of Retirement Benefit Obligation	6	6,983,000	6,453,296
Current Provisions	7	19,371,946	15,369,957
Net assets		**3,937,170,520**	**3,488,347,956**
Housing Development Fund	1	27,926,583	42,429,598
Revaluation Reserve	2	1,457,216,407	1,025,993,678
Accumulated Surplus / (Deficit)	3	2,452,027,531	2,419,924,680
Total Net Assets and Liabilities		***5,055,101,091***	***4,549,236,795***

DRAKENSTEIN MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2014

Budget				Actual	
2013 Revised R	2014 Revised R		Note	2014 R	2013 Restated R
		REVENUE			
		Revenue from exchange transactions			
868,301,529	981,505,381	Service charges	23	944,668,465	890,479,753
18,466,736	20,235,951	Rental of facilities and equipment	24	8,527,340	19,012,966
6,165,000	6,000,000	Interest earned - external investments	25	9,840,452	6,105,540
0	0	Dividends - stock	25	15,120	15,120
10,035,543	8,935,600	Interest earned - outstanding debtors	25	12,301,251	10,922,408
17,696,426	22,194,239	Other income	27	26,166,818	25,872,482
0	250,000	Gains on disposal of property, plant and equipment		0	0
	0	**Revenue from non-exchange transactions**		0	
	0	Gains from assets from non exchange transactions		0	3,005,000
180,427,467	190,101,668	Property rates	22	185,563,549	178,298,151
1,332,000	1,200,000	Property rates - penalties imposed and collection charges		1,580,988	1,471,195
4,508,202	4,818,795	Fines		6,732,632	4,971,247
11,266,050	11,581,485	Licences and permits		13,093,686	11,572,086
	0	Inventory Surplusses	27	0	347,128
191,926,441	257,118,220	Government grants and subsidies	26	226,063,060	199,514,880
1,310,125,394	**1,503,941,339**	**Total Revenue**		**1,434,553,361**	**1,351,587,956**
		EXPENDITURE			
348,599,274	366,848,957	Employee related costs	28	364,393,268	341,215,166
17,641,447	19,112,194	Remuneration of councillors	28	18,745,472	17,641,423
26,944,754	49,612,854	Impairment of Financial assets	29	49,641,391	48,121,218
10,173,000	9,247,840	Collection costs		9,239,270	9,892,204
157,521,477	155,150,435	Depreciation and Amortisation	30	153,110,729	152,308,810
0	2,500,000	Impairment Losses	31	0	976,050
57,742,461	59,473,795	Repairs and maintenance		58,940,745	53,380,709
49,317,213	63,063,458	Interest paid	32	58,975,521	49,275,660
474,322,181	498,097,636	Bulk purchases	33	496,541,409	466,494,342
10,997,237	14,029,573	Contracted services		13,953,871	10,757,077
884,629	555,000	Grants and subsidies paid	34	447,564	427,635
191,286,141	247,425,978	General expenses	35	206,201,335	192,974,504
0	3,622,367	Loss on disposal of property , plant and equipment		3,622,367	0
1,345,429,814	**1,488,740,087**	**Total Expenditure**		**1,433,812,941**	**1,343,464,799**
(35,304,420)	**15,201,252**	**Surplus / (Deficit) for the year**	53	**740,420**	**8,123,157**

DRAKENSTEIN MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014	2013
		R	R
CASH FLOW FROM OPERATING ACTIVITIES			
RECEIPTS			
Property rates		180,600,581	179,380,805
Sale of goods and services		975,988,260	862,718,646
Grants received		246,649,391	178,219,205
Interest and dividends received		9,840,452	6,105,540
Dividends received		15,120	15,120
Other receipts and fines received		44,802,362	35,133,331
PAYMENTS			
Employee cost		-346,475,523	-335,120,349
Suppliers		-827,035,682	-744,638,420
Interest paid		-58,975,521	-49,275,660
VAT paid		-575,134	-6,923,093
NET CASH FROM OPERATING ACTIVITIES	36	**224,834,307**	**125,615,125**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-208,027,117	-230,826,649
Purchase of Intangible assets		0	-4,387,399
Purchase of Investment property		0	0
Proceeds on disposal of property, plant and equipment		1,539,002	102,500
Decrease/(Increase) in non-current receivables		392,152	-144,542
Decrease/(Increase) in call investment deposits		0	0
(Decrease)/Increase in non current investment		0	0
		0	0
NET CASH FROM INVESTING ACTIVITIES		**-206,095,964**	**-235,256,089**
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised		21,665,215	129,742,867
Increase in consumer deposits		2,536,291	3,787,274
NET CASH FROM FINANCING ACTIVITIES		**24,201,506**	**133,530,141**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**42,939,850**	**23,889,177**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	11	135,846,333	111,957,156
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	11	178,786,182	135,846,333

DRAKENSTEIN MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014

	Note Ref.	Housing	Revaluation Reserve	Accumulated Surplus							Total
				Government Grants	Capitalisation Reserve	Capital Replacement Reserve	Donations and Public Contributions	Self-Insurance Reserve	Accumulated Surplus due to results of operations	Total Accumulated Surplus	
		R	R	R	R	R	R	R	R	R	R
Restated balance at 30 June 2012		**41,672,724**	**1,099,058,842**	**293,411,401**	**558,493,240**	**22,766,563**	**0**	**1,934,178**	**1,522,424,778**	**2,399,030,162**	**3,539,761,728**
Net surplus/(defecit) for the year		0	0	0	0	0	0	0	8,274,465	8,274,465	8,274,465
Transfer to CRR		0	0	0	0	9,000,000	0	0	(9,000,000)	0	0
Property, plant and equipment purchased		0	0	0	0	(7,242,063)	0	0	7,242,063	0	0
Intangible assets purchased		0	0	0	0	(4,387,399)	0	0	4,387,399	0	0
Capital grants used to purchase PPE		0	0	56,630,809	0	0	0	0	(56,630,809)	0	0
Contribution to / (from) Insurance Reserve		0	0	0	0	0	0	(188,954)	0	(188,954)	(188,954)
Asset Disposals		0	0	0	(760,903)	0	0	0	760,903	0	0
Asset Transfers from PPE to Investment property		0	0	0	0	0	0	0	0	0	0
Library Books		0	0	0	0	0	0	0	0	0	0
Fair value adjustment on PPE		0	0	0	0	(43,615)	0	0	43,615	0	0
Adjustments		0	0	0	0	0	0	0	0	0	0
Transfer to Housing Development Fund		756,874	0	0	0	0	0	0	970,380	970,380	1,727,254
Offsetting of Depreciation		0	(9,203,015)	(10,268,202)	(29,126,711)	0	0	0	48,597,928	9,203,015	0
Balance at 30 June 2013		**42,429,598**	**1,089,855,827**	**339,774,008**	**528,605,626**	**20,093,486**	**0**	**1,745,224**	**1,527,070,722**	**2,417,289,068**	**3,549,574,493**
PRIOR YEAR ADJUSTMENTS											
Retention prior year	39(b)(i)	0	0	0	0	0	0	0	8,924,564	8,924,564	8,924,564
Stock Adjustment	39(b)(ii)	0	0	0	0	0	0	0	(123,457)	(123,457)	(123,457)
Performance Bonus adjustments	39(b)(iii)	0	0	0	0	0	0	0	80,982	80,982	80,982
Correction of error proceed from land sale incorrectly allocated (D Claassen)	39(b)(iv)	0	0	0	0	0	0	0	(18,594)	(18,594)	(18,594)
Provision for landfill sites	39(b)(v)	0	0	0	0	0	0	0	(1,193,151)	(1,193,151)	(1,193,151)
Straight lining of rental property leases	39(b)(vi)	0	0	0	0	0	0	0	58,053	58,053	58,053
VAT portionment	39(b)(vii)	0	0	0	0	0	0	0	62,444	62,444	62,444
Shopsteward Adjustment	39(b)(viii)	0	0	0	0	0	0	0	151,971	151,971	151,971
Correction of error Land and Buildings		0	(63,862,149)	(4,933,408)	(373,791)	0	0	0	0	(5,307,199)	0
		0	0	0	0	0	0	0	0	0	0
		42,429,598	**1,025,993,678**	**334,840,600**	**528,231,835**	**20,093,486**	**0**	**1,745,224**	**1,535,013,534**	**2,419,924,681**	**3,557,517,305**
2013											
Net surplus/(defecit) for the year		0	0	0	0	0	0	0	3,720,054	3,720,054	3,720,054
Transfer to CRR		0	0	0	0	0	0	0	0	0	0
Property, plant and equipment purchased		0	0	0	0	0	0	0	0	0	0
Intangible assets purchased		0	0	0	0	0	0	0	0	0	0
Capital grants used to purchase PPE		0	0	0	0	0	0	0	0	0	0
Contribution to / (from) Insurance Reserve		0	0	0	0	0	0	216,434	0	216,434	216,434
Asset Disposals		0	(3,008,097)	(203,272)	0	0	0	0	3,211,369	3,008,097	0
Asset Transfers from PPE to Investment property		0	0	0	0	0	0	0	0	0	0
ADJUSTMENT (RIAAN BRANDT ON RATES)									0	0	0
Library Books		0	0	0	0	0	0	0	0	0	0
Revaluation of assets			443,136,843	0	0	0	0	0	0	0	373,967,494
Fair Value Adjustment		0	0	0	0	0	0	0	0	0	0
Fair value adjustment on PPE		0	0	0	0	0	0	0	0	0	0
Transfer to Housing Development Fund		(14,503,015)	0	0	0	0	0	0	16,252,250	16,252,250	1,749,235
Offsetting of Depreciation		0	(8,906,017)	(9,960,557)	(28,149,190)	0	0	0	47,015,764	8,906,017	0
Balance at 30 June 2014		**27,926,583**	**1,457,216,407**	**324,676,771**	**500,082,645**	**20,093,486**	**0**	**1,961,658**	**1,605,212,971**	**2,452,027,533**	**3,937,170,521**

DRAKENSTEIN MUICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2014

	2013/2014										
Description	**Original Total Budget**	**Budget Adjustments**	**Final Adjustmens Budget**	**Shifting of funds**	**Virement**	**Final Budget**	**Actual Outcome**	**Unauthorised Expenditure**	**Variance**	**Actual Outcome as % of Final Budget**	**Actual Outcome as % of Original Budget**
	R	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**
FINANCIAL POSITION											
Current Assets											
Inventories	42,322,873	0	42,322,873	0	0	42,322,873	29,632,586	0	(12,690,287)	70.0%	70.0%
Non-current Assets Held-for-Sale	0	0	0	0	0	0	1,983,022	0	1,983,022	0.0%	0.0%
Receivables from Exchange Transactions	141,844,467	0	141,844,467	0	0	141,844,467	149,119,303	0	7,274,836	105.1%	105.1%
Receivables from Non-exchange Transactions	23,695,033	0	23,695,033	0	0	23,695,033	63,175,834	0	39,480,801	266.6%	266.6%
VAT Receivable	0	0	0	0	0	0	12,337,870	0	12,337,870	0.0%	0.0%
Cash and Cash Equivalents	129,894,158	37,936,172	167,830,330	0	0	167,830,330	178,786,182	0	10,955,852	106.5%	106.5%
Current Portion of Long-term Receivables	387,910	0	387,910	0	0	387,910	304,325	0	(83,585)	78.5%	78.5%
Non-Current Assets											
Property, Plant and Equipment	4,277,186,630	22,971,108	4,300,157,738	0	0	4,300,157,738	4,483,546,575	0	183,388,837	104.3%	104.3%
Intangible Assets	8,438,650	0	8,438,650	0	0	8,438,650	8,080,771	0	(357,879)	95.8%	95.8%
Investment Property	40,450,000	0	40,450,000	0	0	40,450,000	93,057,000	0	52,607,000	230.1%	230.1%
Heritage Assets	0	0	0	0	0	0	33,903,936	0	33,903,936	0.0%	0.0%
Biological Assets	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Non-current Investments	112,000	0	112,000	0	0	112,000	139,301	0	27,301	124.4%	124.4%
Investments in Associates	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Finance Lease Receivables	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Long-term Receivables	1,839,305	0	1,839,305	0	0	1,839,305	1,034,386	0	(804,919)	56.2%	56.2%
Total Assets	**4,666,171,027**	**60,907,280**	**4,727,078,307**	**0**	**0**	**4,727,078,307**	**5,055,101,091**	**0**	**328,022,784**	**106.9%**	**106.9%**
Current Liabilities											
Consumer Deposits	29,271,000	0	29,271,000	0	0	29,271,000	28,462,070	0	(808,930)	97.2%	97.2%
Provisions	128,323,070	0	128,323,070	0	0	128,323,070	26,354,946	0	(101,968,124)	20.5%	20.5%
Payables	115,263,653	(2,762,359)	112,501,294	0	0	112,501,294	179,514,121	0	67,012,828	159.6%	159.6%
Unspent Conditional Grants and Receipts	0	0	0	0	0	0	38,677,632	0	38,677,632	0.0%	0.0%
VAT Payable	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Short-term Loans	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Bank Overdraft	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Current Portion of Long-term Liabilities	74,290,570	0	74,290,570	0	0	74,290,570	115,669,897	0	41,379,326	155.7%	155.7%
						0					
Non-Current Liabilities						0					
Long-term Liabilities	693,758,659	0	693,758,659	0	0	693,758,659	536,232,371	0	(157,526,288)	77.3%	77.3%
Retirement Benefit Liabilities	0	0	0	0	0	0	115,517,021	0	115,517,021	0.0%	0.0%
Non-current Provisions	8,199,999	0	8,199,999	0	0	8,199,999	77,502,512	0	69,302,513	0.0%	0.0%
Total Liabilities	**1,049,106,951**	**(2,762,359)**	**1,046,344,592**	**0**	**0**	**1,046,344,592**	**1,117,930,571**	**0**	**71,585,979**	**106.8%**	**106.8%**
Total Assets and Liabilities	**3,617,064,075**	**63,669,639**	**3,680,733,715**	**0**	**0**	**3,680,733,715**	**3,937,170,520**	**0**	**256,436,805**	**107.0%**	**107.0%**
Net Assets (Equity)											
Statutory Funds	0	0			0	0	27,926,583	0	27,926,583	0.0%	0.0%
Reserves	2,072,565,133	0	2,072,565,133		0	2,072,565,133	1,457,216,407	0	(615,348,726)	70.3%	70.3%
Accumulated Surplus / (Deficit)	1,544,498,941	63,669,640	1,608,168,582		0	1,608,168,582	2,452,027,531	0	843,858,949	152.5%	152.5%
Total Net Assets	**3,617,064,074**	**63,669,640**	**3,680,733,715**	**0**	**0**	**3,680,733,715**	**3,937,170,520**	**0**	**256,436,806**	**107.0%**	**107.0%**

DRAKENSTEIN MUICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2014

	2013/2014										
Description	**Original Total Budget**	**Budget Adjustments**	**Final Adjustmens Budget**	**Shifting of funds**	**Virement**	**Final Budget**	**Actual Outcome**	**Unauthorised Expenditure**	**Variance**	**Actual Outcome as % of Final Budget**	**Actual Outcome as % of Original Budget**
FINANCIAL PERFORMANCE											
Revenue from Non-exchange Transactions											
Property Rates	190,484,413	(382,745)	190,101,668	0	0	190,101,668	173,405,906	0	(16,695,762)	9121.7%	9103.4%
Property Rates - Penalties imposed and collection charges	799,200	400,800	1,200,000	0	0	1,200,000	1,580,988	0	380,988	13174.9%	19782.1%
Fines	4,959,022	(140,227)	4,818,795	0	0	4,818,795	6,732,632	0	1,913,837	13971.6%	13576.5%
Licences and Permits	12,111,004	(529,519)	11,581,485	0	0	11,581,485	13,093,686	0	1,512,201	11305.7%	10811.4%
Income for Agency Services	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Government Grants and Subsidies Received	178,982,000	(20,401,495)	158,580,505	0	1,090,411	159,670,916	128,615,756	0	(31,055,160)	8055.1%	7186.0%
Public Contributions and Donations and Other	0	0	0	0	0	0	0	0	0	0.0%	0.0%
									0		
Revenue from Exchange Transactions									0		
Service Charges	940,797,553	40,707,828	981,505,381	0	0	981,505,381	944,668,465	0	(36,836,916)	9624.7%	10041.1%
Rental of Facilities and Equipment	19,851,741	384,210	20,235,951	0	0	20,235,951	20,684,982	0	449,031	10221.9%	10419.7%
Interest Earned - External Investments	6,000,000	0	6,000,000	0	0	6,000,000	9,855,572	0	3,855,572	16426.0%	16426.0%
Interest Earned - Outstanding Debtors	6,021,326	2,914,274	8,935,600	0	0	8,935,600	12,301,251	0	3,365,651	13766.6%	20429.5%
Dividends Received	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Royalties Received	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Other Income	21,466,333	727,906	22,194,239	0	0	22,194,239	26,166,818	0	3,972,579	11789.9%	12189.7%
Other Gains on Continued Operations	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Gains on Disposal of Property, Plant and Equipment	250,000	0	250,000	0	0	250,000	0	0	(250,000)	0.0%	0.0%
Profit on Sale of Land	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Total Revenue	**1,381,722,592**	**23,681,032**	**1,405,403,624**	**0**	**0**	**1,406,494,035**	**1,337,106,057**	**0**	**(69,387,978)**	**9506.7%**	**9677.1%**
Expenditure											
Employee Related Costs	386,311,371	(19,462,414)	366,848,957	0	0	366,848,957	364,393,268	0	2,455,689	9933.1%	9432.6%
Remuneration of Councillors	18,849,886	262,308	19,112,194	0	0	19,112,194	18,745,472	0	366,722	9808.1%	9944.6%
Collection Costs	0	9,247,840	9,247,840	0	(9,247,840)	0	0	0	0	0.0%	0.0%
Depreciation and Amortisation	144,546,882	13,103,553	155,150,435	0	0	157,650,435	153,110,729	0	4,539,706	9712.0%	10592.5%
Impairment Losses	26,944,754	22,668,100	2,500,000	0	0	49,612,854	49,641,391	(28,537)	(28,537)	10005.8%	18423.4%
Repairs and Maintenance	0	59,473,795	59,473,795	0	(59,473,795)	0	0	0	0	0.0%	0.0%
Finance Costs	63,063,458	0	63,063,458	0	0	63,063,458	58,975,521	0	4,087,937	9351.8%	9351.8%
Bulk Purchases	509,114,333	(11,016,697)	498,097,636	0	0	498,097,636	496,541,409	0	1,556,227	9968.8%	9753.0%
Contracted Services	10,543,398	3,486,175	14,029,573	0	0	14,029,573	13,953,871	0	75,702	9946.0%	13234.7%
Grants and Subsidies Paid	601,000	(46,000)	555,000	0	0	555,000	447,564	0	107,436	8064.2%	7447.0%
Impairment of Financial assets	0	0	49,612,854	0	0	0	0	0	0	0.0%	0.0%
General Expenses	291,420,752	(43,994,774)	247,425,978	0	68,721,635	316,147,613	274,381,350	41,766,263	41,766,263	8678.9%	9415.3%
Other Losses on Continued Operations	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Loss on Disposal of Property, Plant and Equipment	0	3,622,367	3,622,367	0	0	3,622,367	3,622,367	0	0	10000.0%	0.0%
Total Expenditure	**1,451,395,835**	**37,344,252**	**1,488,740,087**	**0**	**0**	**1,488,740,087**	**1,433,812,941**	**41,737,726**	**54,927,146**	**9631.0%**	**9878.9%**
Surplus/(Deficit)	**(69,673,243)**	**(13,663,220)**	**(83,336,463)**	**0**	**0**	**(82,246,052)**	**(96,706,884)**	**0**	**(14,460,832)**	**0.0%**	**0.0%**
Transfers Recognised - Capital	66,849,000	30,598,304	98,537,715	0	0	97,447,304	97,447,304	0	0	10000.0%	14577.2%
Contributions Recognised - Capital and Contributed Assets	0	0	0		0		0	0	0	0.0%	0.0%
Surplus/(Deficit) after Capital Transfers and Contributions	**(2,824,243)**	**16,935,084**	**15,201,252**	**0**	**0**	**15,201,252**	**740,420**	**0**	**(14,460,832)**	487.1%	0.0%
Surplus / (Deficit) from Discontinued Operations	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Share of Surplus/(Deficit) of Associate	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Surplus/(Deficit) for the Year	**(2,824,243)**	**16,935,084**	**15,201,252**	**0**	**0**	**15,201,252**	**740,420**	**0**	**(14,460,832)**	**487.1%**	**0.0%**

DRAKENSTEIN MUICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2014

	2013/2014										
Description	**Original Total Budget**	**Budget Adjustments**	**Final Adjustmens Budget**	**Shifting of funds**	**Virement**	**Final Budget**	**Actual Outcome**	**Unauthorised Expenditure**	**Variance**	**Actual Outcome as % of Final Budget**	**Actual Outcome as % of Original Budget**
CAPITAL EXPENDITURE PER FUNCTION											
Executive and Council	15,972,038	(15,592,876)	379,162	0	(379,162)	0	0	0	0	0.0%	0.0%
Budget and Treasury Office	0	1,227,156	1,227,156	0	0	1,227,156	1,221,610	0	(5,546)	9954.8%	0.0%
Corporate Services	320,000	33,259,860	33,579,860	0	62,962	33,642,822	33,565,792	0	(77,030)	9977.1%	1048931.0%
Planning and Economic Development	4,500,000	(2,273,334)	2,226,666	0	(2,226,666)	0	0	0	0	0.0%	0.0%
Health	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Community and Social Services	889,295	199,029	1,088,324	0	7,925	1,096,249	978,105	0	(118,144)	8922.3%	10998.7%
Housing	1,100,000	(542,370)	557,630	0	0	557,630	555,354	0	(2,276)	9959.2%	5048.7%
Public Safety	50,000	(27,054)	22,946	0	(22,946)	0	0	0	0	0.0%	0.0%
Sport and Recreation	12,341,200	(4,056,014)	8,285,186	0	0	8,285,186	8,281,889	0	(3,297)	9996.0%	6710.8%
Waste Management	1,375,000	(741,436)	633,564	0	1	633,565	633,545	0	(20)	9999.7%	4607.6%
Waste Water Management	54,591,965	14,379,322	68,971,287	0	87,719	69,059,006	69,058,846	0	(160)	10000.0%	12650.0%
Road Transport	28,977,000	660,233	29,637,233	0	(70,887)	29,566,346	29,545,135	0	(21,211)	9992.8%	10196.1%
Water	41,118,617	490,575	41,609,192	0	(87,721)	41,521,471	41,521,390	0	(81)	10000.0%	10098.0%
Electricity	26,124,737	(4,011,983)	22,112,754	0	(22,112,754)	0	0	0	0	0.0%	0.0%
Other											
Total Sources of Capital Funds	**187,359,852**	**22,971,108**	**210,330,960**	**0**	**(24,741,529)**	**185,589,431**	**185,361,664**	**0**	**(227,767)**	**9987.7%**	**9893.4%**
CASH FLOW											
Cash Flows from/(used in) Operating Activities	168,417,393	(25,510,351)	193,927,744	0	0	193,927,744	224,834,307	**0**	30,906,564	11593.7%	13349.8%
Cash Flows from/(used in) Investing Activities	(186,609,852)	22,971,108	(209,580,960)	0	0	(209,580,960)	(206,095,964)	**0**	3,484,996	0.0%	0.0%
Cash Flows from/(used in) Financing Activities	47,637,214	**0**	47,637,214	0	0	47,637,214	24,201,506	0	(23,435,707)	5080.4%	5080.4%
	29,444,755	**(2,539,243)**	**31,983,997**	**0**	**0**	**31,983,997**	**42,939,850**	**0**	**10,955,852**	**13425.4%**	**14583.2%**
Cash/cash equivalents at the year begin:	100,449,403	(35,396,929)	135,846,333	0	135,846,333	135,846,333	135,846,333	0	135,846,333	10000.0%	13523.9%
Cash/cash equivalents at the year end:	**129,894,158**	**(37,936,172)**	**167,830,330**	**0**	**135,846,333**	**167,830,330**	**178,786,182**	**0**	**146,802,185**	**10652.8%**	**13764.0%**

DRAKENSTEIN MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. BASIS OF PRESENTATION

These annual financial statements were prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The annual financial statements were prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5. Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

The principal accounting policies, applied in the preparation of these annual financial statements, are set out below. These accounting policies are consistent with those applied in the preparation of the prior year annual financial statements, unless specified otherwise. Details of any changes in the accounting policies are provided in the note on changes in accounting policies

These standards are summarised as follows:

Reference	Topic
GRAP Framework	Framework for the preparation and presentation of financial statements
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investment in Associates
GRAP 8	Investment in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Inventory Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets

GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits - issued December 2009
GRAP 26	Impairment of Cash-generating Assets
GRAP 100	Non-current Asset Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
IFRS 4	Insurance contracts
IFRS 6	Exploration for and evaluation of mineral resources
IAS 12	Income taxes
IGRAP 1	Applying the probability test on initial recognition of revenue
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3	Determining whether an Arrangement Contains a lease
IGRAP 4	Rights to Interest Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the construction of Assets from Exchange Transactions
IGRAP 9	Distributions of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 13	Operating Leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
IFRIC 12	Service concession arrangements
SIC 25	Income taxes – Changes in the status of an enterprise or its shareholders
SIC 29	Disclosure service concession
Directive 1	Repeal of existing transitional provisions in, and consequential amendments to, standards of GRAP
Directive 2	Transitional provisions for the adoption of GRAP by public entities, municipal entities and constitutional institutions
Directive 3	Transitional provisions for the adoption of GRAP by high capacity municipalities
Directive 4	Transitional provisions for the adoption of GRAP by medium and low capacity municipalities
Directive 5	Determine the GRAP reporting framework
Directive 7	The Application of Deemed Cost on the Adoption of Standards of GRAP
ASB Guide 1	Guideline on accounting for public private partnerships

The Cash Flow Statement is prepared using the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed.

Accounting policies for material transactions, events or conditions not covered by the above GRAP standards have been developed in accordance with Paragraphs 7, 11 and 12 of GRAP 3.Where a standard of GRAP that has been issued by the Accounting Standards Board, but for which an effective date has not yet been determined by the Minister of

Finance, accounting policies were developed based on the relevant GRAP standard.

2. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

Reference	Topic
GRAP 18	Segment Reporting - issued March 2005
GRAP 20	Related Party Disclosures (Revised)
GRAP 32	Service Concession Arrangement Grantor
GRAP 105	Transfers between entities under common control - issued November 2010
GRAP 106	Transfers between entities not under common control - issued November 2010
GRAP 107	Mergers - issued November 2010
GRAP 108	Statutory Receivables

All other standards as listed above will only be effective when a date is announced by the Minister of Finance.

The ASB Directive 5 paragraph 29 sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy, as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued, but is not yet in effect, an entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The Municipality has early adopted the amendments to the following standard:

Reference	Topic
GRAP 5	Borrowing Costs (Revised September 2013 – Effective for period starting after 1 April 2014)

Management has considered all of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

3. CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS

In the application of the municipality's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

- **Operating lease commitments – Municipality as lessor**
  Municipality has entered into commercial property leases on its investment property portfolio. The Municipality has determined that it retains all the significant risks and rewards of ownership of these properties, and so accounts for them as operating leases.

- **Pension and other post-employment benefits**
  The cost of defined benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

- **Classification of financial assets and liabilities**
  The classification of financial assets and liabilities, into categories, is based on judgement by management. The Accounting Policy on Financial Instruments describes the factors and criteria considered by the management of the municipality in the classification of financial assets and liabilities.

  In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104: Financial Instruments.

- **Impairment of financial assets**
  The Accounting Policy Financial Instruments describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in GRAP 104: Financial Instruments and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate.

  The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

- **Review of useful lives of property, plant and equipment and intangible assets**
  The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation where appropriate. The estimation of residual values of assets is also

based on management's judgement whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

- **Impairment of property plant and equipment, intangible assets, heritage assets and inventory**
  The Accounting Policies on Impairment of Cash and Non-cash generating assets as well as Inventory describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to the impairment of PPE, Intangible Assets and Heritage Assets and the write down of Inventories to the lowest of Cost and Net Realisable Values (NRV).

  In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21: Impairment of Cash generating Assets and GRAP 26: Impairment of non-Cash generating Assets.

- **Provisions and contingent liabilities**
  Management judgement is required when recognising and measuring provisions, and when measuring contingent liabilities, as set out in the note on Provisions. Provisions are discounted where the effect of discounting is material.

- **Revenue recognition**
  The Accounting Policies on Revenue from Exchange Transactions and Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality. In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from non-exchange transactions. In particular: when goods are sold, whether the municipality had transferred to the buyer the significant risks and rewards of ownership of the goods; and, when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

- **Budget Information**
  Management assumes deviations between budget and actual amounts to be material when a deviation of more than 10% exists. All material differences are explained in the notes to the annual financial statements

4. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand and are rounded off to the nearest Rand.

5. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

6. OFFSETTING

Financial assets and liabilities are offset and the net amount reported on the Statement of Financial Position when there is a legally enforceable right to set off the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

7. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act (Act No. 107 of 1997).

7.1 Housing Development Fund

Sections 15(5) and 16 of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998, required that the Municipality maintain a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.

The Housing Act also requires in terms of Section 14(4)(d)(ii)(aa), read with, inter alia, Section 16(2), that the net proceeds of any letting, sale or alienation of property, previously financed from government housing funds, be paid into a separate operating account, and be utilised by the Municipality for housing development in accordance with the National Housing Policy.

The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The proceeds in this fund are utilised for housing development in accordance with the National Housing Policy, and also for housing development projects approved by the MEC for Housing.

- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.

- Interest earned on the investments of the fund is disclosed as interest earned in the Statement of Financial Performance.

7.2 Un-realized Housing Proceeds

In order to comply with Section 14(4)(d)(i) and (ii) of the Housing Act, (Act 107 of 1997) where all net proceeds need to be paid into the Housing Development Fund, it was necessary to create a holding account which represents the un-realized funds due by long-term housing selling schemes and sponsored loan debtors. This account is reduced when debtors are billed for their payment.

8. ACCUMULATED SURPLUS

The municipality creates and maintains reserves in terms of specific requirements. These reserves form part of the Accumulated Surplus

8.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. A corresponding amount is transferred to a designated CRR bank or investment account. The cash ring-fenced in the CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (deficit) are credited by a corresponding amount when the amounts in the CRR are utilised.

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

8.2 Capitalisation Reserve

On the implementation of GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus / (deficit) in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus / (deficit).

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus / (deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus / (deficit).

8.3 Insurance Reserve

A general Insurance Reserve has been established and, subject to re-insurance where deemed necessary, it covers claims that may occur. Premiums are charged to the respective services taking into account claims history and replacement value of the insured assets.
Reinsurance premiums paid to external re-insurers are regarded as an expense and are shown as such in the Statement of Financial Performance. The net surplus or deficit on the insurance operating account is transferred to or from the insurance reserve via the Statement of Changes in Net Assets.

The balance of the self-insurance reserve is invested in short term cash investments. Interest earned on the insurance reserve is recorded as interest earned in the Statement of Financial Performance and is transferred to the Insurance reserve via the Statement of Changes in Net Assets as a contribution.

8.4 Government Grant Reserve

The municipality has applied GRAP 23 as a result capital grants and receipts relating to the creation of fixed assets are included in non-current liabilities as Government Grants and Subsidies. The accounting policy on conditional grants and receipts is set out in accounting policy note 23.

8.5 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation surplus is realised as re-valued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/ (deficit).On disposal, the net revaluation surplus is transferred to the accumulated surplus/ (deficit) while gains of losses on disposal, based on re-valued amounts are credited or charged to the Statement of Financial Performance.

9. PROVISIONS

Provisions are recognized when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances, where the provision being measured involves a large population of items; the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

9.1 Environmental rehabilitation provisions

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the Municipality’s policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

10. PROPERTY, PLANT AND EQUIPMENT

10.1 Initial recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

10.2 Subsequent measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment, excluding land and building and including for Infrastructure Assets, are measured at cost, less accumulated depreciation and accumulated impairment losses.

Subsequent to initial recognition, land and buildings are carried at a revalued amount based

on municipal valuations, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed by external independent valuers every four years to coincide with the implementation of the general valuation such that the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

An increase in the carrying amount of land and buildings as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation."

When revalued assets are sold or retired, the amounts included in the revaluation reserve in respect of that assets, are transferred to accumulated surplus or deficit.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

10.3 Depreciation

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated using the straight line method, to allocate their cost or revalued amounts less their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciation rates are based on the following estimated useful lives.

The estimated useful life, residual values and depreciation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

Asset class	**Useful lives as applied in the FAR (years)**
Infrastructure	
Roads and paving	5-100
Pedestrian Malls	7-100
Electricity	4-75
Water	0-100
Sewerage	5-100
Housing	30
Community	
Improvements	5-30
Recreational facilities	5-36

Security	3-5
Land	0
Other	
Buildings	30
Specialist vehicles	3-20
Other vehicles	3-10
Office equipment	3-10
Furniture & fittings	5-10

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its intended use. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, the term of the relevant lease.

10.4 De-recognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal

The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

11. INTANGIBLE ASSETS

Intangible assets are identifiable non–monetary assets without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as intangible assets.

Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost.

Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

Amortization is calculated on cost, using the straight-line method, over the useful lives of the assets, which is estimated to be between 3 to 10 years upon initial recognition. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised.

Intangible assets are annually tested for impairment and the estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively.

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of Financial Performance.

12. INVESTMENT PROPERTIES

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Where the classification of an investment property is based on management's judgement, the following criteria have been applied to distinguish investment properties from owner-occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties.

- Land held for a currently undetermined future use.

- A building owned (or held by under a finance lease) and leased out under one or more operating leases.

- Leased properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also generates rental revenue are not seen as investment properties. The rental revenue generated is incidental to the purposes for which the property is held.

- A building that is vacant but is held to be leased out under one or more operating leases.

- Property that is being constructed or developed for future use as investment property;

Investment property is subsequently measured using the fair value model. Investment property is carried at fair value, representing open market value determined by external valuers on reporting date. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. A gain or loss arising from a change in the fair value of investment property is included in surplus or deficit for the period in which it arises.

If the Municipality determines that the fair value of an investment property under construction

is not reliably measurable but expects the fair value to be reliably measurable when construction is completed, it measures that investment property at cost until the fair value can be reliably determined or construction has been completed.

Where the Municipality has determined that the fair value of an investment property (other than investment property under construction) is not determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy for property, plant and equipment).

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

13. HERITAGE ASSETS

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

The Municipality classifies assets as Heritage Assets where the significance as a heritage asset can be determined. In regards to land and buildings all graded sites are classified a Heritage Assets, furthermore land with a natural significance is not componentised but seen as a single Heritage asset due to all parts contributing together to make up its significance. GRAP 103 requires that land and buildings that qualify as Heritage assets, but of which a significant portion of that land and buildings is held for use in the production or supply of goods or services or for administrative purposes, should be recognised as Property, plant and equipment, rather than Heritage assets.

13.1 Initial recognition

The cost of an item of heritage assets is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of heritage assets acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

13.2 Subsequent measurement

Subsequent expenditure relating to heritage assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all heritage assets (excluding Heritage assets which are land and buildings) are measured at cost less accumulated impairment losses. Heritage assets are not depreciated.

Subsequent to initial recognition, land and buildings which qualify as Heritage Assets are carried at a revalued amount based on municipal valuations less subsequent accumulated impairment losses. Revaluations are performed by external independent valuers every four years to coincide with the implementation of the general valuation such that the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date.

13.3 De-recognition of heritage assets

The carrying amount of an item of heritage assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the de-recognition of an item of heritage assets is included in surplus or deficit when the item is derecognised.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of heritage assets.

13.4 Transitional provisions

The municipality utilised the transitional provisions under Directive 3, which allows 3 years for the measurement of heritage assets.

14. BIOLOGICAL ASSETS

The cost of an item of biological assets is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the fair value of the item can be measured reliably.

Biological assets are subsequently measured at fair value less cost to sell on the reporting date. The fair value of an item of biological assets is the transaction price or the market price.

Biological assets are initially recognised at fair value less cost to sell on its acquisition date. The fair value of an item of biological assets is the transaction price or the market price.

A gain or loss arising from the initial recognition of a biological asset at fair value less cost to sell and from a change in fair value at the reporting date shall be recognised in the

Statement of Financial Performance.

The carrying amount of an item of biological assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. Gains and losses are recognised in the Statement of Financial Performance.

15. INVENTORIES

Inventories consist of raw materials, work in progress, consumables and finished goods, which are valued at the lower of cost, determined on the first in first out basis, and net realisable value, except for plants which are valued at the tariffs charged. Where it is held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost and current replacement value.

Cost of inventories comprises all costs of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition.

Redundant and slow moving inventories are identified and written down to their estimated net realisable values. Consumables are written down according to their age, condition and utility. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

15.1 Water inventory

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, and is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the statement of financial position.

The basis of determining the cost of water purchased and not yet sold at statement of financial position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates.

Water is valued by using the weighted average method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

15.2 Housing inventory

Housing inventory is BNG houses still in process of construction, or completed and not yet transferred. These houses are entirely funded by the National Department of Human Settlements, through the Western Cape Department of Human Settlements, but the Municipality is regarded as principle in terms of GRAP and therefore recognises these costs as inventory up to the point of transfer to the allocated beneficiary where after the cost is

expensed through the Statement of Financial Performance. Housing inventory is measured at the lower of cost and current replacement cost as they will be distributed through a non-exchange transaction.

16. NON CURRENT ASSETS HELD-FOR-SALE

16.1 Initial recognition

Non-current Assets and Disposal Groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

16.2 Subsequent measurement

Non-current Assets (and Disposal Groups) classified as held-for-sale, are measured at the lower of their previous carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

The gain or loss on the eventual sale of non-current assets held for sale is included in the Statement of Financial Performance as gain or loss on sale of assets. The gain or loss on the eventual sale of non-current assets held for sale is calculated on the difference between the net disposal proceeds and the carrying amount of the individual asset or the disposal group.

17. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND HERITAGE ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. A commercial return means that the return charged by the entity is commensurate with the risk associated with holding the asset and the asset is intended to generate positive cash inflows. All other assets are classified as non-cash-generating assets.

17.1 Impairment of cash generating assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the individual asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment of assets carried at revalued amount in reduces the revaluation surplus for that asset. The decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

17.2 Impairment of non-cash generating assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

The value in use for a non-cash generating asset is the present value of the asset's

remaining service potential.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

18. EMPLOYEE BENEFITS

The municipality provides short term benefits, long term benefits and retirement benefits for its employees and councillors.

18.1 Short-term employee benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

18.2 Post-employment benefits: Defined contribution plans

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees.

18.3 Post-employment benefits: Defined benefit plans

A **defined benefit plan** is a plan that defines an amount of benefit that an employee will receive on retirement.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out by independent qualified actuaries regularly, as may be required for fair presentation.

Actuarial gains or losses recognised immediately in the Statement of Financial Performance.

18.3.1 Post-retirement Health Care Benefits:

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. The other Medical Aid Funds, with which the Municipality is associated, do not provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

18.3.2 Ex-gratia Pension Benefits:

The Municipality provides pension and retirement gratuity benefits to certain employees who were in the employment of the former Paarl and Wellington Municipalities (now incorporated into the Drakenstein Municipality)at 31 December 1994 (Paarl) and 31 March 1995 (Wellington) and still in the employment of Drakenstein Municipality at date of normal retirement, medical disability, retrenchment or death. The gratuity is calculated on the salary benefits during 1994/1995.

18.4 Long-service allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

18.5 National- and Provincially-administered defined benefit plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds (refer to Note 6 of the Annual Financial Statements for details).The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

The municipality does not apply defined benefit accounting to the defined benefit funds to which it is a member where these funds are classified in terms of GRAP as multi-employer plans, as sufficient information is not available to apply the principles involved. As a result, paragraph 30 of IAS 19 is applied and such funds are accounted for as defined contribution funds.

Salaried personnel are members of the Cape Joint Pension fund established in terms of the Local Authorities Pension Fund Ordinance, 1969 (Ordinance 23 of 1969), and the provisions of the Pension Fund Act, 1956 (Act 24 of 1956) or the SAMWU National Provident Fund.

18.6 Leave pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total accrued leave days at year end and is shown as a provision in the Statement of Financial Position.

19. LEASES

19.1 Lease classification

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality.

Leases of property, plant and equipment, in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

19.2 The Municipality as lessee

Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Obligations. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on the straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

19.3 The Municipality as lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

20 BORROWINGS

Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis. Borrowings are initially recognised at fair value, net of transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method.

Borrowing costs are recognised as an expense in the Statement of Financial Performance in the period incurred.

21 FINANCIAL INSTRUMENTS

The municipality has various types of financial instruments and these can be broadly categorised as either *Financial Assets* or *Financial Liabilities*.

A financial instrument is recognised if the municipality becomes a party to the contractual provisions of the instrument.

21.1 Classification of financial instruments

21.1.1 Financial Assets

A financial asset is any asset that is a cash or contractual right to receive cash. In accordance with

GRAP 104 the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard:

Financial asset at amortised cost being non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets.

Financial assets measured at fair value being financial assets that meet either of the following conditions:

(a) Derivatives;

(b) Combined instruments that are designated at fair value;

(c) Instruments held for trading;

(d) Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or

(e) Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Financial assets measured at cost being investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

Type of Financial Asset	Classification in terms of GRAP 104
Finance Lease Receivables	Financial assets at amortised cost
Long-term Receivables	Financial assets at amortised cost
Current portion of Long-term Receivables	Financial assets at amortised cost
Consumer Debtors	Financial assets at amortised cost
Other Debtors	Financial assets at amortised cost
Short-term Investment Deposits – Call	Financial assets at amortised cost
Bank Balances and Cash	Financial assets at amortised cost
Investments in stock –ESCOM	Financial assets at fair value

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets at amortised cost.

21.1.2 Financial Liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

The following main categories of Financial Liabilities and the classification determining how they are measured exist:

(i) Financial liabilities measured at fair value; or

(ii) Financial liabilities measured at amortised cost

The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

Type of Financial Liabilities	Classification in terms of GRAP 104
Long term Liabilities	Financial liability at amortised cost
Other Creditors	Financial liability at amortised cost
Bank overdraft	Financial liability at amortised cost
Short-term Loans	Financial liability at amortised cost
Current portion of Long-Term Liabilities	Financial liability at amortised cost

Financial liabilities that are measured at fair value that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives)

Any other financial liabilities should be classified as financial liabilities at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

21.2 Initial and subsequent measurement

21.2.1 Financial assets:

Financial asset at amortised cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an effective yield basis. .

Trade and other receivables (excluding Value Added Taxation, prepayments and operating lease receivables), loans to Municipality entities and loans that have fixed and determinable payments that are not quoted in an active market are classified as financial asset at amortised cost.

Financial Assets measured at fair value are initially measured at fair value plus directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the statement of financial performance, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the statement of financial performance.

21.2.2 Financial liabilities:

Financial liabilities measured at fair value are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Any other financial liabilities classified at amortised cost (All payables, loans and borrowings are classified as other liabilities) and are initially measured at fair value, net of transaction costs. Trade and other payables, interest bearing debt including finance lease liabilities, non-interest bearing debt and bank borrowings are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

Bank borrowings, consisting of interest-bearing short-term bank loans, repayable on demand and overdrafts are recorded at the proceeds received. Finance costs are accounted for using the accrual basis and are added to the carrying amount of the bank borrowing to the extent that they are not settled in the period that they arise.

Prepayments are carried at cost less any accumulated impairment losses.

21.3 Impairment of financial assets

Financial assets, other than those measured at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

Trade receivables encompass long term debtors, consumer debtors and other debtors. A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

According to GRAP 104, the assessment for impairment needs to be made for each individual financial asset separately or for groups of financial assets with similar credit risks. The following methodology was followed to make a provision for bad debts for the year under review:

21.3.1 Consumer debtors

Consumer debtors are assessed individually thereafter collectively, considering factors such as payment histories and ratios, qualitative factors e.g. correspondence from attorneys, disputes about certain accounts, etc.

21.3.2 Other debtors

Other Debtors are reviewed individually considering payment histories and disputes about certain amounts. Provision for impairment is made accordingly.

21.3.3 Long term debtors

- *Housing Loans*

The loans in this group are assessed by reviewing their payment histories and ratios. Provision for impairment is made accordingly.

- *Other Long Term Debtors*

No provision for impairment is made for Other Debtors, because it is envisaged that these debts will be fully recovered.

Other financial assets at amortised cost are assessed individually for impairment.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the

impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

21.4 De-recognition of financial assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

21.5 De-recognition of financial liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

22 REVENUE RECOGNITION

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

22.1 Revenue from exchange transactions

22.1.1 Service charges

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

22.1.2 Pre-paid electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. Revenue from the sale of electricity prepaid meter cards are recognised based on an estimate of the prepaid electricity consumed as at the reporting date.

22.1.3 Interest earned and rentals received

Interest and rentals are recognised on a time proportion basis that takes into account the effective yield on the investment. Interest may be transferred from the Accumulated Surplus to the Housing Development Fund or the Insurance Reserve.

Interest earned on the following investments is not recognized in the Statement of Financial Performance:-

- Interest earned on Trust Funds is allocated directly to the fund and is not recognized in the Statement of Financial Performance.

- Interest earned on unutilized conditional grants is allocated directly to the creditor: unutilized conditional grants, if the grant conditions indicate that interest is payable to the funder.

22.1.4 Dividends

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend in accordance with the substance of the relevant agreement, where applicable.

22.1.5 Tariff charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

22.1.6 Income from agency services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

22.1.7 Housing rental and instalments

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

22.1.8 Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

22.2 Revenue from non-exchange transactions

22.2.1 Rates and taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

22.2.2 Fines

Fines constitute both spot fines and camera fines. Fines are recognised when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. It is measured at the best estimate, based on past experience, of the amount of revenue the Municipality is entitled to collect.

Subsequent to initial recognition and measurement, the municipality assess the collectability of the revenue and recognises a separate impairment loss where appropriate.

22.2.3 Donations and contributions

Donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Assets acquired in non-exchange transactions are measured at fair value in accordance with the Standards of GRAP.

22.2.4 Government grants and receipts

- *Unconditional grants*

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

- *Conditional grants and receipts*

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

- *Interest earned on unspent grants and receipts*

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance in accordance with GRAP 9

22.2.5 Revenue from recovery of unauthorised, irregular, fruitless and wasteful expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

23 VALUE ADDED TAX

The Municipality is registered with SARS for VAT on the payments basis, in accordance with Section 15(2)(a) of the Value-Added Tax Act No 89 of 1991.

24 GRANTS-IN-AID

The municipality transfers money to individuals, organizations and other sectors of government from time to time. When making these transfers, the municipality does not:-

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognized in the financial statements as expenses in the period that the events giving rise to the transfer occurred.

25 UNAUTHORISED EXPENDITURE

Section 1 of the Municipal Finance Management Act (MFMA), No 56 of 2003, defines ''unauthorised expenditure'' as follows -
(a) Overspending of the total amount appropriated in the municipality's approved budget;
(b) Overspending of the total amount appropriated for a vote in the approved budget;
(c) Expenditure from a vote unrelated to the department or functional area covered by the vote;
(d) Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose or
(e) Spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of ''allocation'' otherwise than in accordance with any conditions of the allocation; or
(f) a grant by the municipality otherwise than in accordance with this Act;

Section 1 of the MFMA also defines a **"vote"** as:
a) One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
b) Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned

The Municipality uses the Government Finance Statistics (GFS) functions as well as directorates as the main groupings of segments of the Municipality's budget segments within the Municipality are grouped per directorate to facilitate greater accountability and budget implementation by the respective Executive Managers as well as per GFS classification to facilitate comparisons on a higher level.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

26 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), and the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the Statement of Financial Performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

27 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

28 FOREIGN CURRENCIES

Transactions in foreign currencies are translated to the functional currency of the entity at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost or fair value in the functional currency at the beginning of the period, adjusted for effective interest

and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in surplus or deficit.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Cash flows arising from transactions in a foreign currency are recorded in Rand's by applying, to the foreign currency amount, the exchange rate between the Rand and the foreign currency at the date of the cash flow.

29 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Details of changes in accounting policies, changes in estimates and correction of errors are disclosed in the notes to the annual financial statements where applicable.

30 RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

31 EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified

as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

32 COMPARATIVE INFORMATION

32.1 Current year comparatives

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the annual financial statements giving motivations for over- or under spending on line items where it is found to be material. The annual budget figures included in the financial statements are for the Municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2013 to 30 June 2014.

In general a difference of 10% or more is considered material, although the surrounding circumstances are taken into account if it could influence the decisions or assessments of the users of the financial statements in determining whether a difference between the budgeted and actual amount is material.

32.2 Prior year comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

33 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

		2014 R	2013 R
1	***HOUSING DEVELOPMENT FUND***		
	Realised Housing Proceeds		
	Balance at beginning of the year	**37,897,158**	**36,643,612**
	Plus : Interest & Redemption & Other on Housing Schemes	2,756,524	2,883,347
	Less : (Net Loss) / Surplus on letting schemes	(16,252,250)	(970,380)
	Less : Housing Subsidies Expenditure	(572,108)	(659,422)
	Balance at the end of the year	**23,829,324**	**37,897,158**
	Unrealised Housing Proceeds		
	Balance at beginning of the year	**4,532,439**	**5,029,112**
	Long term Housing Loans	(435,181)	(496,673)
	Balance at the end of the year	**4,097,258**	**4,532,439**
	BALANCE AT 30 JUNE 2014	**27,926,581**	**42,429,597**
2.	***REVALUATION RESERVE***		
	Re-valuation Reserve	1,457,216,407	1,025,993,678
	Total Reserves	**1,457,216,407**	**1,025,993,678**

The Revaluation Reserve arises on the revaluation of Land and Buildings. Where revalued Land or Buildings are sold, the portion of the Revaluation Reserve that relates to that asset, and is effectively realised, is transferred directly to Accumulated Surplus.

Distributions from the Revaluation Reserve can be made where they are in accordance with the requirements of the municipality's accounting policy. The payment of cash distributions out of the reserve is restricted by the terms of the municipality's accounting policy. These restrictions do not apply to any amounts transferred to Accumulated Surplus. The Council do not currently intend to make any distribution from the Revaluation Reserve.

Refer to Statement of Changes in Net Assets for more detail and the movement on Reserves.

3	***ACCUMULATED SURPLUS***		
	Capital Replacement Reserve	20,093,486	20,093,486
	Capitalisation Reserve	500,082,645	528,231,835
	Self-insurance Reserve	1,961,657	1,745,224
	Government grant and subsidies	324,676,771	334,840,600
	Accumulated Surplus due to the results of Operations	1,605,212,971	1,535,013,534
	Total Accumulated Surplus	**2,452,027,531**	**2,419,924,679**

The **Capital Replacement Reserve** is a reserve to finance future capital expenditure and is fully invested in ring-fenced Financial Instrument Investments.

The **Capitalisation Reserve** equals the carrying value of the items of property, plant and equipment from the former legislated funds. The Capitalisation Reserve ensures consumer equity and is not backed by cash.

The Capital Replacement Reserve and the Self-Insurance Reserve is fully funded and invested in ring-fenced financial instruments.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

4.	***NON CURRENT ASSETS CLASSIFIED AS HELD- FOR- SALE***		
	Other Assets held for sale	1,983,022	1,983,022
	Total Assets classified as Non Current Assets Held-for-Sale	**1,983,022**	**1,983,022**

Non current assets classified as held-for-sale relate to the discontinued Health services operations that is still in the process of transfer to the Western Cape Department of Health.

5.	***LONG-TERM LIABILITIES***		
	Annuity Loans	651,902,268	630,237,053
	Sub-total	**651,902,268**	**630,237,053**
	Less : Current portion transferred to current liabilities	(115,669,897)	(98,262,569)
	Annuity Loans	(115,669,897)	(98,262,569)
	Total Long-term liabilities (Refer to Appendix A for more detail)	**536,232,371**	**531,974,484**

5.1 Summary of Arrangements

Annuity Loans are repaid over periods varying from 3 to 10 (2013: 3 to 10) years and at interest rates varying from 6.75% to 12.65% (2013: 6.75% to 12.65%) per annum. Annuity Loans are not secured.

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix "A" for more detail on Long-term Liabilities.

		2014 R	2013 R
6.	**RETIREMENT BENEFIT OBLIGATION**		
	Post Employment Health Care Benefits	117,522,000	111,610,119
	Ex-Gratia Pension Benefits	4,978,000	5,602,123
		122,500,000	**117,212,242**
	Less: Transfer to Current Obligations	(6,983,000)	(6,453,296)
	Post Employment Health Care Benefits	(6,603,000)	(5,967,048)
	Ex-Gratia Pension Benefits	(380,000)	(486,248)
	Non-Current defined Benefit Plan Obligation	**115,517,000**	**110,758,946**

6.1 Post Employment Health Care Benefits

The municipality provides certain post-retirement medical benefits by part funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2014 by Mr. Niel Fourie and Ms Hildegard Wilson of ZAGEN Actuaries pty (Ltd) The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service Members (Employees)	559	580
Continuation Members (Retirees)	206	205
Total Members	**765**	**785**

The liability in respect of past service has been estimated as follows:

In-service Members	51,270,000	32,952,000
Continuation Members	66,252,000	78,658,119
Total Liability	**117,522,000**	**111,610,119**

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Hosmed
- Key Health
- LA Health
- Fed Health
- Samwumed

The Future-service Cost for the ensuing year is estimated to be R 2,390.513 whereas the Interest Cost for the year after is estimated to be R 9,066,423

The principal assumptions used for the purposes of the actuarial valuations were as follows:

i) Rates of Interest		
Discount Rate	8.94%	8.34%
CPI (Consumer Price Inflation)	7.05%	5.96%
Health Care Cost Inflation Rate	8.60%	7.46%
Net Effective Discount Rate	0.82%	0.82%

In accordance with GRAP 25 the discount rate was set as the yield of the R209 South African government bond as at the valuation date.

ii) Mortality rates

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry. Mortality post-employment (for pensioners) has been based on the PA (90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs due to AIDS.

iii) Normal retirement age

The average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for ill-health and early retirements.The normal retirement age (NRA) for all active employees was assumed to be 65 years.

The amounts recognised in the Statement of Financial Position are as follows:		
Fair value of plan assets	0	0
Unrecognised Actuarial Gains / (Losses)	117,522,000	111,610,119
Present value of unfunded obligations	0	0
Total Benefit Liability	**117,522,000**	**111,610,119**
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	2,390,513	1,899,338
Interest cost	9,066,423	7,722,166
Actuarial losses / (gains) recognised	1,189,142	1,704,923
Total Post-retirement Benefit included in Employee Related Costs (Note 28)	**12,646,078**	**11,326,427**
Movements in the present value of the Defined Benefit Obligation were as follows:		
Balance at the beginning of the year	111,610,129	106,550,885
Service costs	2,390,513	1,899,338
Interest cost	9,066,423	7,722,166
Benefits paid	(6,734,207)	(6,267,183)
Actuarial losses / (gains) recognised	1,189,142	1,704,923
Over provision of the opening balance	0	0
Present Value of Fund Obligation at the end of the Year	**117,522,000**	**111,610,129**
Movements in the present value of the Defined Benefit Assets were as follows:		
Balance at the beginning of the year	0	0
Contributions from the employer	6,734,207	6,267,183
Benefits paid	(6,734,207)	(6,267,183)
Balance at the end of the year	**0**	**0**

The history of experienced adjustments is as follows:

	2014	2013	2012	2011	2010
			R	R	R
Present Value of Defined Benefit Obligation	117,522,000	111,610,119	106,550,875	115,586,597	104,369,540
Fair Value of Plan Assets	0	0	0	0	0
Deficit	**117,522,000**	**111,610,119**	**106,550,875**	**115,586,597**	**104,369,540**
Experienced adjustments on Plan Liabilities	0	0	0	0	0

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

	1% Decrease	1% Increase
Effect on the aggregate of the interest cost	10,614,000	9,997,000
Effect on the aggregate of the current service cost	3,052,000	2,857,000
Effect on the defined benefit obligation	120,400,000	113,591,000
The effect of a 20% movement in the assumed mortality rates are as follows on the ensuing years assumptions:	9,663,000	11,184,000
Effect on the aggregate of the interest cost	2,779,000	3,203,000
Effect on the aggregate of the current service cost	109,901,000	126,697,000

The municipality expects to make a contribution of R 6,803,000 to the Defined Benefit Plan during the next financial year.

Refer to Note 48 "Other Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

6.2 Ex-Gratia Pension Benefits

The Municipality provides pension and retirement gratuity benefits to certain employees who were in the employment of the former Paarl and Wellington Municipalities (now incorporated into the Drakenstein Municipality) at 31 December 1994 (Paarl) and 31 March 1995 (Wellington) and still in the employment of Drakenstein Municipality at date of normal retirement, medical disability, retrenchment or death. The gratuity is calculated on the salary benefits during 1994/1995.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2014 by Mr. Niel Fourie and Ms Hildegard Wilson of ZAQEN Actuaries Pty(Ltd). The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The Ex-Gratia Pension Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service Members (Employees)	282	322
Continuation Members (Retirees)	39	37
Total Members	**321**	**359**

The liability in respect of past service has been estimated as follows:

In-service Members	0	0
Continuation Members	4,978,000	5,602,123
Total Liability	**4,978,000**	**5,602,123**

The contribution rate payable is as follows:

For continuation members, the member contribution is 70 % and the Council contribution is 30%. For current employees the contribution rate is 60/40.

The interest-cost for the next year is estimated to be R 397,000. Actuaries are of opinion that future service cost need not be determined for pension fund liability as all benefits vests immediately.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

i) Rates of Interest		
Discount Rate	8.31%	7.65%
Consumer Price Inflation (CPI)	6.68%	6.18%
Pension increase rate - pensioners	7.68%	7.18%
Net Effective Discount Rate	0.59%	0.44%

In accordance with GRAP 25 the discount rate was set equal to the yield on the R186 bond as at the valuation date.

ii) Mortality rates

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry. Mortality post-employment (for pensioners) has been based on the PA (90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs due to AIDS.

iii) Normal retirement age
The average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for ill-health and early retirements.The normal retirement age (NRA) for all active employees was assumed to be 65 years.

The amounts recognised in the Statement of Financial Position are as follows:		
Fair value of plan assets	0	0
Unrecognised Actuarial Gains / (Losses)		
Present value of unfunded obligations	4,978,000	5,602,123
Total Benefit Liability	**4,978,000**	**5,602,123**
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	0	0
Interest cost	410,235	523,784
Actuarial losses / (gains) recognised	(657,295)	(1,916,231)
Total Post-retirement Benefit included in Employee Related Costs (Note 28)	**(247,060)**	**(1,392,447)**
Movements in the present value of the Defined Benefit Obligation were as follows:		
Balance at the beginning of the year	5,620,123	7,488,823
Service costs	0	0
Interest cost	410,235	523,784
Benefits paid	(377,063)	(474,253)
Actuarial losses / (gains) recognised	(675,295)	(1,918,231)
Present Value of Fund Obligation at the end of the Year	**4,978,000**	**5,620,123**
Movements in the present value of the Defined Benefit Assets were as follows:		
Balance at the beginning of the year	0	0
Contributions from the employer	377,063	474,253
Benefits paid	(377,063)	(474,253)
Balance at the end of the year	**0**	**0**

The history of experienced adjustments is as follows:

	2014 R	2013 R	2012 R	2011 R	2010 R
Present Value of Defined Benefit Obligation	4,978,000	5,602,123	7,468,823	6,896,414	6,766,418
Fair Value of Plan Assets	0	0	0	0	0
Deficit	**4,978,000**	**5,602,123**	**7,468,823**	**6,896,414**	**6,766,418**
Experienced adjustments on Plan Liabilities	0	0	0	0	0

The effect of a 1% movement in the assumed rate of pension increase inflation is as follows:

	1% Decrease	1% Increase
Effect on the interest cost	384,000	411,000
Effect on the defined benefit obligation	4,824,000	5,149,000

The municipality expects to make a contribution of R380 000 to the Defined Benefit Plan during the next financial year.

Refer to Note 48 "Other Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

7. NON-CURRENT PROVISIONS

Balance of Current Provisions at end of year	19,371,946	15,369,957
Balance of Non-current Provisions at end of year	77,502,512	64,256,482
Balance of Non-current Provisions at end of year	**96,874,458**	**80,819,589**
7.1. Provision for rehabilitation are reconciled as follows :		
Provision for rehabilitation are reconciled as follows :	66,352,458	62,927,566
The movement in Non-current Provisions are reconciled as follows:		
Landfill site		
Balance at beginning of year	62,927,566	59,913,771
Contributions in current year	3,738,632	4,166,176
Rehibilitation expenditure during the year	(313,740)	(1,152,380)
Balance of landfill site	**66,352,458**	**62,927,566**
Balance of Current Provisions for Rehabiliation at end of year	**16,292,946**	**13,284,430**
Balance of Non-current Provisions for Rehabilitation at end of year	**50,059,512**	**49,643,136**
Balance of Non-current Provisions for Rehabilitation at end of year	**66,352,458**	**62,927,566**

The council will incur rehabilitation cost on its seven dumping/landfill sites over the period 2014/15 up to 2019/20. Provision has been made for the net present value of this cost.

	Proposed rehabilitation	2013/2014	2012/2013
Wellington (Existing)	2020/2021	19,177,530	17,905,312
Wellington (Old)	2020/2021	16,753,001	15,882,903
Gouda	2015/2016	1,287,755	1,220,873
Saron	2014/2015	2,594,507	2,459,757
Hermon	2018/2019	1,111,277	1,053,560
Dal Josafat	2017/2018	3,498,541	3,316,838
Orleans	2016/2017	8,231,408	7,803,894
Boy Louw	2013/2014	13,698,439	13,284,430

Jan Palm Consulting Engineers CC, a firm of specialist waste management consultants have been used to determine the valuation of due to their extensive experience within the field of waste management. Their independence from management is monitored as their services has been used for several years. The firm is registered with the South African Council of Engineers (registration no. 870047).

Based on the work provided by Jan Palm Consulting Engineers, an applicable inflation rate of 5.4.% has been determined and a discounted rate of 5.48%.

The funding required by the municipality to fund the rehabilitation has been assessed and based on the cost of, loss of revenue from investments per the rates as disclosed in note 46, the municipality assessed the effected of, discounting coupled with the future inflation rate to approximate the current cost of the expected rehabilitation cost as disclosed above.

Refer to note 39. "Restatement of prior year figures and errors" for details of the prior year error identified during the year.

7.2. Provision for Long Service Awards		
Provision for Long Service Awards	30,522,000	17,892,023
	30,522,000	**17,892,023**
Less: Transfer to Current Provisions	(3,079,000)	(2,177,906)
Total Non-current Provisions	**27,443,000**	**15,714,117**
The movement in Non-current Provisions are reconciled as follows:		
Long Service Awards		
Balance at beginning of year	17,892,023	14,989,750
Contributions in current year	1,241,235	1,813,264
Interest Cost	1,192,377	905,915
Over provision for contributions	0	0
Increase in provision (employee costs)	0	0
Expenditure incurred (benefits paid)	(1,802,628)	(2,024,833)
Actuarial Losses / (gains) recognised	11,998,993	2,207,927
Over provision of the opening balance	0	0
	30,522,000	**17,892,023**
Less: Transfer to Current Provisions	(3,079,000)	(2,177,906)
Balance of Non-current Provisions at end of year	**27,443,000**	**15,714,117**

Long Service Awards

The municipality operates a funded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service and every 5 years thereafter to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuation of the present value of the defined benefit provision was carried out at 30 June 2014 by Mr. Niel Fourie and Ms Hildegard Wilson of ZAQEN Actuaries Pty(Ltd). The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end 1,698 employees were eligible for Long-services Awards.

The Future-service Cost for the ensuing year is estimated to be R2,477,000, whereas the Interest Cost for the year after is estimated to be R2,598,000.

The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	7.96%	7.09%
CPI (Consumer Price Inflation)	6.33%	5.73%
Normal Salary Increase Rate	7.33%	6.73%
Net Effective Discount Rate	0.59%	0.33%
The amounts recognised in the Statement of Financial Position are as follows:		
Fair value of plan assets	0	0
Present value of unfunded obligations	30,522,000	17,892,023
Total Benefit Provision	**30,522,000**	**17,892,023**
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	1,241,235	1,813,264
Interest cost	1,192,377	905,915
Past service cost	0	0
Actuarial Losses / (gains) recognised	11,998,993	2,207,927
Total expense included in Employee Related Costs (Note 28)	**14,432,605**	**4,927,106**
Movements in the present value of the Defined Benefit Obligation were as follows:		
Balance at the beginning of the year	17,892,023	14,989,750
Current service costs	1,241,235	1,813,264
Interest cost	1,192,377	905,915
Benefits paid	(1,802,628)	(2,024,833)
Actuarial Losses / (gains) recognised	11,998,993	2,207,927
Balance at the end of the year	**30,522,000**	**17,892,023**
Total Current Provisions at end of the year	3,079,000	2,177,906
Total Non-current Provisions at end of the year	27,443,000	15,714,117
Total Provisions at the end of the year	**30,522,000**	**17,892,023**
Movements in the present value of the Defined Benefit Assets were as follows:		
Balance at the beginning of the year	0	0
Contributions from the employer	1,802,628	2,024,833
Benefits paid	(1,802,628)	(2,024,833)
Balance at the end of the year	**0**	**0**

The municipality expects to make a contribution of R3,079,000 to the defined benefit plan during the next financial year.

8. *CONSUMER DEPOSITS*

Electricity and Water	**28,462,070**	**25,925,779**

Guarantees held in lieu of Electricity and Water Deposits
Guarantees held in lieu of Electricity and Water Deposits were R 14,945,034 (2013 : R 14,145,034)

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

The management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.

The fair value of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

9. *PAYABLES FROM EXCHANGE TRANSACTIONS*

Trade Creditors	80,026,919	74,521,956
Staff Leave provision	21,904,375	21,262,893
Performance bonus provision	0	0
Payments received in advance	21,152,339	21,577,425
Other creditors	66,994,845	76,249,682
Vat on Provision for Impairment	(10,564,357)	(11,852,796)
Total Creditors	**179,514,121**	**181,759,159**

The average credit period on purchases is 30 days from the receipt of the statement, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

The total liability in respect of leave amounts to R 21,904,375 as at 30 June 2014. The full amount is provided for.

10. *UNSPENT CONDITIONAL GRANTS AND RECEIPTS*

Conditional Grants from other spheres of Government	**34,991,046**	**21,294,164**
Equitable Share	0	0
MIG/SMIF/RBIG Grants	7,068,093	5,174,993
National Government : Budget Reform Programme (FMG - Grant)	400,000	0
Provincial Government : Provincial Highways	0	0
Provincial Government : Housing	13,678,596	11,237,129
Provincial Government : Other projects	852,134	845,462
Other Institutions	12,992,223	4,036,579
Other Conditional Receipts	**3,686,585**	**3,640,844**
Developers Contributions - Water , Sewerage & Electricity	1,850,307	1,689,931
Developers Contributions - Electricity	536,277	520,099
Developers - Guarantees	1,300,000	1,430,814
Total Conditional Grants and Receipts	**38,677,631**	**24,935,007**

These amounts are separately invested in terms of section 12 of the MFMA. Refer note 26 for more detail of grants from National and Provincial Government

Refer to Appendix "D" for more detail on Conditional Grants.

11. PROPERTY, PLANT AND EQUIPMENT

30 June 2014	Cost R	Accumulated Depreciation R	Carrying Value R
Land and Buildings	948,233,801	25,653,718	922,580,083
Infrastructure	4,852,098,302	2,302,232,588	2,549,865,714
Community	189,146,556	39,846,472	149,300,084
Other	369,980,836	217,828,411	152,152,425
Leased Assets	0	0	0
Housing Schemes	235,770,605	26,853,113	208,917,492
Capital Spares	13,676,376	0	13,676,376
Total Property, Plant and Equipment	**6,608,906,476**	**2,612,414,303**	**3,996,492,173**

30 June 2013	Cost R	Accumulated Depreciation R	Carrying Value Restated R
Land and Buildings	948,233,801	25,653,718	922,580,083
Infrastructure	4,852,098,302	2,302,232,588	2,549,865,714
Community	189,146,556	39,846,472	149,300,084
Other	369,980,836	217,828,411	152,152,425
Leased Assets	0	0	0
Housing Schemes	235,770,605	26,853,113	208,917,492
Capital Spares	13,676,376	0	13,676,376
Total Property, Plant and Equipment	**6,608,906,476**	**2,612,414,303**	**3,996,492,173**

A reconciliation of the carrying amount at the beginning and end of the period is set out in detail in Appendices B.

Total Property, Plant and Equipment held by the municipality at 30 June 2014 comprised the amounts analyzed as above.

Revaluation of all BUILDINGS was performed by an accredited valuator Mr E Marais of Erik Marais and Associates (T/A Rhode Valuations Wellington) Reg No 1988/011175/23)

RECONCILIATION OF CARRYING VALUE OF PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Infrastructure	Community	Housing	Other	Total (Excluding Capital Spares)
Carying values as at 1 July 2013	**991,749,430**	**2,549,865,714**	**149,300,084**	**208,917,492**	**152,152,425**	**4,051,985,145**
Cost and revaluation	**1,017,403,148**	**4,852,098,302**	**189,146,556**	**235,770,605**	**369,980,836**	**6,664,399,448**
Accumulated depreciation	**(25,653,718)**	**(2,302,232,588)**	**(39,846,472)**	**(26,853,113)**	**(217,828,411)**	**(2,612,414,303)**
Acquisitions	**0**	**0**	**0**	**0**	**0**	**0**
Transfers/Adjustments	**0**	**0**	**0**	**0**	**0**	**0**
Depreciation	**0**	**0**	**0**	**0**	**0**	**0**
Impairment	**0**	**0**	**0**	**0**	**0**	**0**
Carrying value of disposals	**0**	**0**	**0**	**0**	**0**	**0**
Cost	**0**	**0**	**0**	**0**	**0**	**0**
Accumulated Depreciation	**0**	**0**	**0**	**0**	**0**	**0**
Carrying Values at 30 June 2014	**(25,653,718)**	**(2,302,232,588)**	**(39,846,472)**	**(26,853,113)**	**(217,828,411)**	**(2,612,414,303)**
Cost and revaluation	**0**	**0**	**0**	**0**	**0**	**0**
Accumulated depreciation & Impairment	**(25,653,718)**	**(2,302,232,588)**	**(39,846,472)**	**(26,853,113)**	**(217,828,411)**	**(2,612,414,303)**

RECONCILIATION OF CARRYING VALUE OF PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Infrastructure	Community	Housing	Other	Total (Excluding Capital Spares)
Carying values as at 1 July 2012	**988,716,417**	**2,462,749,921**	**146,314,756**	**217,242,109**	**156,928,098**	**3,971,951,302**
Cost and revaluation	**1,008,295,861**	**4,664,865,861**	**176,960,552**	**235,770,605**	**351,415,442**	**6,437,308,321**
Accumulated depreciation	**(19,579,444)**	**(2,202,115,940)**	**(30,645,796)**	**(18,528,496)**	**(194,487,343)**	**(2,465,357,019)**
Acquisitions	**9,210,087**	**190,865,161**	**12,186,005**	**0**	**18,565,395**	**230,826,647**
Transfers/Adjustments	**0**	**0**	**0**	**0**	**0**	**0**
Depreciation	**(5,100,727)**	**(103,749,368)**	**(9,200,677)**	**(8,324,617)**	**(23,338,565)**	**(149,713,954)**
Impairment	**(973,547)**	**0**	**0**	**0**	**(2,503)**	**(976,050)**
Carrying value of disposals	**(102,800)**	**0**	**0**	**0**	**0**	**(102,800)**
Cost	**(102,800)**	**(3,632,720)**	**0**	**0**	**0**	**(3,735,520)**
Accumulated Depreciation	**0**	**3,632,721**	**0**	**0**	**0**	**3,632,721**
Carrying Values at 30 June 2013	**991,749,430**	**2,549,865,714**	**149,300,084**	**208,917,492**	**152,152,425**	**4,051,985,145**
Cost and revaluation	**1,017,403,148**	**4,852,098,302**	**189,146,556**	**235,770,605**	**369,980,836**	**6,664,399,448**
Accumulated depreciation & Impairment	**(25,653,718)**	**(2,302,232,588)**	**(39,846,472)**	**(26,853,113)**	**(217,828,411)**	**(2,612,414,303)**

11.1 Land and Buildings carried at Revaluation:

Land and Buildings were revalued to fair value at during the current financial period. The effective date of revaluation was 30 June and the valuation was performed by registered and independent valuators.

11.2 Assets pledged as security:

No assets have been pledged as security.

11.3 Impairment of Property, Plant and Equipment:

The municipality tested its items of Property, Plant and Equipment, Intangible assets, Investment property and Heritage assets for any potential impairment losses on assets.

Impairment losses amounting to (2013 : **R 976,050)** were recognised during the year in the operating surplus and included in impairment losses in the Statement of Financial Performance as follows per class of asset

Infrastructure Assets	0	973,547
Other Assets: Motor Vehicles	0	0
Other Assets: Buildings	0	0
Other Assets: Equipment, Furniture and fittings	0	2,503
Total impairments recognised	**0**	**976,050**

No impairments were reversed in the current year, furthermore no impairment losses were recognised on revalued assets directly in the Statement of Net assets.

No material impairments were recognised related to a single asset during the financial year.

Impairment losses on the abovementioned assets exist predominantly due to the assets being damaged beyond repair, stolen, have been redundant or have been replaced (mostly in the case of infrastructure assets).

11.4 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed:

A Review of the useful lives and residual values of items of Property, Plant and Equipment have been performed. The change in the estimated useful life of various assets of the municipality has resulted in the following (increases)/decreases in depreciation

Infrastructure Assets	0	4,255,870
Other Assets: Motor Vehicles	0	0
Other Assets: Buildings	0	0
Other Assets: Equipment, Furniture and fittings	0	528,682
Total Change in Estimate for Useful Life of Property, Plant and Equipment	**0**	**4,784,552**

The change in estimates will result in an decrease of (2013: **R 4,784,552)** in the depreciation expense for the municipality over the next three financial years.

11.5 Revaluation Surplus:

The Revaluation Reserve arises on the revaluation of Land and Buildings. Where revalued Land or Buildings are sold, the portion of the Revaluation Reserve that relates to that asset, and is effectively realised, is transferred directly to Accumulated Surplus.

The Revaluation Surplus is reconciled as follows:

Balance at beginning of year	1,089,855,827	1,099,058,842
Fair value l.r.o. Investment Property	0	0
Property not previously accounted for	0	0
Asset Transfers from PPE to Investment property	0	0
Depreciation offset to Accumulated surplus	(8,906,017)	(9,203,015)
Asset Disposals/Transfers/adjustments	0	0
Balance at end of year	**1,080,949,810**	**1,089,855,827**

11.6 Reclassification of prior year assets between classes of PPE

Property, plant and equipment with a carrying amount of R 1 594 411 were reclassified between the classes of assets during the year.

12. INTANGIBLE ASSETS

	Cost R	Accumulated Amortisation R	Carrying Value R
As at 30 June 2014	**0**	**0**	**0**
Website development costs	0	0	0
Licences	0	0	0
Computer Software and systems	0	0	0
As at 30 June 2013	**15,955,971**	**(7,875,200)**	**8,080,771**
Website development costs	769,954	(733,516)	36,438
Licences	2,837,358	(2,143,887)	693,470
Computer Software and systems	12,348,659	(4,997,795)	7,350,864

The movement in intangible assets are reconciled as follows:

	2014	2013
Carrying value at the beginning of the year	**0**	**8,080,772**
Cost	0	15,955,971
Accumulated amortisation	0	(7,875,199)
Additions resulting from acquisitions	0	4,387,399
Amortisation	0	(2,594,857)
Carrying value at the end of the year	**0**	**8,080,772**
Cost	0	15,955,971
Accumulated amortisation	0	(7,875,199)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 30).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets have been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

13. INVESTMENT PROPERTY

Land and Buildings	93,057,000	93,057,000
	93,057,000	**93,057,000**

The fair value model is applied to Investment property.
Criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business is set out in the accounting policy note of Investment property.

The movement in investment properties are reconciled as follows:

Carrying value at the beginning of the year	**93,057,000**	**86,063,700**
Fair value	93,057,000	86,063,700
Plus : Additions resulting from transfers from Property Plant & Equipment	0	0
Additions resulting purchase of new building	0	0
Additions resulting revaluation of property to fair value	0	6,993,300
Minus: Transfers resulting from Investment property to PPE	0	0
Carrying value at the end of the year	93,057,000	93,057,000
Fair value	**93,057,000**	**93,057,000**

Method of Asset Valuation 2014

The date of valuation was on 30 June 2014
Each property has been identified and inspected and revalued. Each of the three main methods (investment approach, direct comparison and cost) of valuing property has been adopted depending on the specific property.
A register containing the information required by section 63 of the Municipal management Finance Act is available for inspection at the registered offices of the municipality.

Revaluation of all Investment Property was performed by an accredited valuator Mr E Marais of Erik Marais and Associates (T/A Rhode Valuations Wellington) Reg No 1988/011175/23)

Revenue and Expenditure disclosed in the Statement of Financial Performance include the following:

Rental Revenue earned from Investment Property	**0**	113,744
Direct Operating Expenses - incurred to generate rental revenue	0	0
Direct Operating Expenses - incurred which did not generate rental revenue	0	0

All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

14 HERITAGE ASSETS

At Cost less Accumulated Impairment Losses	62,037	62,037
	62,037	**62,037**

The movement in Heritage Assets is reconciled as follows:

	Historical and Natural Significant Land and Buildings	Paintings and other	Total
Carrying values at 30 June 2014	**0**	**0**	**0**
Cost	**0**	**0**	**0**
Accumulated Revaluation	**0**	**0**	**0**
Accumulated Impairment	**0**	**0**	**0**
Movements during the year			
Acquisitions	**0**	**0**	**0**
Work-in-Progress at Year-end	**0**	**0**	**0**
Reversal of Impairment Losses	**0**	**0**	**0**
Increases in Revaluations	**0**	**0**	**0**
Impairment Losses Recognised	**0**	**0**	**0**
Decreases in Revaluations	**0**	**0**	**0**
Disposals:	**0**	**0**	**0**
At Cost	**0**	**0**	**0**
At Accumulated Revaluation	**0**	**0**	**0**
At Accumulated Impairment	**0**	**0**	**0**

Transfers:	**300**	**0**	**300**
At Cost	**0**	**0**	**0**
- Transfer To Assets Held-For-Sale			**0**
- Transfer In			**0**
- Transfer Out			**0**
At Accumulated Revaluation	**0**	**0**	**0**
- Transfer To Assets Held-For-Sale			**0**
- Transfer In			**0**
- Transfer Out			**0**
At Accumulated Impairment	**0**	**0**	**0**
- Transfer To Assets Held-For-Sale			**0**
- Transfer In			**0**
- Transfer Out			**0**
Transfers/Adjustments	**300**		**300**
Carrying values at 30 June 2014	**0**	**0**	**0**
Cost	**0**	**0**	**0**
Accumulated Revaluation	**0**	**0**	**0**
Accumulated Impairment Losses	**0**	**0**	**0**

	Historical and Natural Significant Land and Buildings	**Paintings and other**	**Total**
Carrying values at 1 July 2013	**33,841,599**	**62,037**	**33,903,636**
Cost	0	62,037	62,037
Accumulated Revaluation	33,841,599	0	33,841,599
Accumulated Impairment	0	0	0
Movements during the year			
Transfers/Adjustments	300	0	300
Carrying values at 1 July 2013	**33,841,899**	**62,037**	**33,903,936**
Cost	0	62,037	62,037
Accumulated Revaluation	33,841,899	0	33,841,899
Accumulated Impairment Losses	0	0	0

Included in the historical and naturally significant land and building above is amongst others the Paarl Mountain (Paarlberg) and the Paarl Arboreutum. Paarl Mountain is particularly known for its mountain or "Paarl Rock". The huge granite rock is formed by three rounded outcrops that make up Paarl Mountain and is the second largest granite outcrop in the world and forms part of the Nature Reserve. The site is a Provincial Heritage Site (SAHRA Nr 9/2/069/0028).

The Paarl Arboretum is situated on the eastern bank of the Berg River, is 2.8 km long and occupies approximately 31 ha. Divided into 6 "continents" a unique feature is that trees and shrubs are grouped according to continents of origin. In excess of 2 600 trees and shrubs, entering some 650 different species can be observed.

The following buildings owned by the Municipality have been declared Provincial Heritage sites:
De Oude Woning, 214 Main Street, Paarl (SAHRA Nr 9/2/069/0105) dating from the late 1780's.
The Old Dutch Reformed Chruch Parsonage (now the Paarl Museum),Van der Lingen plein, Paarl (SAHRA Nr 9/2/069/0071). The Parsonage was built in 1787.
Paarl Town Hall, 256 Main Street, Paarl (SAHRA Nr 9/2/069/0134)
Old Market Hall, Main Street, Wellington (SAHRA Nr 9/2/106/0005) dating from 1840.
Ouma Granny's House, 37 Fontein Street, Wellington (SAHRA Nr 9/2/106/0012), dating to the Victorian era.
Coronation Arch, Victoria Jubilee Park, Church Street, Wellington (SAHRA Nr 9/2/106/0019/1), dating to 1902.

The municipality, has taken advantage of the transitional provisions in Directive 3 from the Accounting Standards Board with the implementation of GRAP 103. The municipality is currently in a process of identifying all Heritage Assets and have it valued in terms of GRAP 103 and it is expected that this process will be completed for inclusion in the 2014/15 Annual Financial Statements. Although items previously recognised as property, plant and equipment assets were reclassified as heritage assets, the municipality will during the remaining periods for which it can utilise the transitional provisions, evaluate the values at which these items were initially recognised as property, plant and equipment to the value thereof in regards to it's significance as heritage assets.

Heritage Assets have been restated to correctly classify amounts held for Heritage Assets in terms of GRAP 103, previously included in Property, Plant and Equipment. Refer to Note 39.2 on "Change in Accounting Policy" for details of the restatement.

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Heritage Assets of the municipality.

Refer to Appendix "B" for more detail on Heritage Assets

Significant Heritage Assets not Recognised

As the Municipality has opted to take advantage of the transitional provisions in Directive 3, it has not yet recognised and measured the following heritage assets:
8 Mayoral and deputy Mayoral Chains.
Ox wagons owned by the Municipality and housed (on loan) at the De Poort Centre.
Various memorabilia items of historical significance related to the towns within the Drakenstein Municipality.

15 *INVESTMENTS*

Listed		
Eskom stock at fair value	139,301	153,005
Total listed investments	**139,301**	**153,005**
(Available for sale)		
Unlisted		
Bank Deposits		
Other Short-term Deposits	159,008,017	70,633,984
Total unlisted investments	**159,008,017**	**70,633,984**

The fair value of the listed investments is estimated at R 139,301 (2013: R 153,005.) Fair value is determined based on discounted cash flow analysis, at a discounted rate of 8.2550%, (2013 : 7.7250%)

Total	159,147,318	70,786,989
Less: current portion maturing within next twelve months - refer note 21	(159,008,017)	(70,633,984)
Total (non-current)	**139,301**	**153,005**

Listed Shares are investments with a maturity period of more than 12 months and earn fixed interest rates of 13.5% per annum.

The fair value of Investments was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

16 *LONG-TERM RECEIVABLES*

As at 30 June 2014	**Gross Balances R**	**Impairment Provision R**	**Net Balances R**
Loans to emplyees	0	0	0
Sporting bodies 1	0	0	0
Public organisations	77,834	0	77,834
Housing selling scheme loans	4,097,257	(2,836,380)	1,260,877
	4,175,091	**(2,836,380)**	**1,338,711**
Less: Current Portion transferred to Current Receivables:-			304,325
Loans to emplyees			0
Sporting bodies 1			0
Public organisations			0
Housing selling scheme loans			304,325
Total Long-term Receivables			**1,034,386**

As at 30 June 2013	R	R	R
Loans to emplyees	0	0	0
Sporting Bodies 1	8,123	0	8,123
Public organisations	77,834	0	77,834
Housing selling scheme loans	4,532,438	(2,887,533)	1,644,905
	4,618,395	**(2,887,533)**	**1,730,862**
Less: Current Portion transferred to Current Receivables:-			291,916
Sporting bodies 1			0
Public organisations			15,773
Housing selling scheme loans			0
			276,143
Total Long-term Receivables			**1,438,946**

Sporting bodies
To encourage sporting bodies to contribute to the capital expenditure of sporting facilities, loans were made to provide the necessary financial assistance. These loans attract interest at prime rate less 2.5% per annum and are repayable over a maximum period of 20 years.

Public Organisations
Loans to public organisations are granted in terms of the national housing policy. The applicable interest rate and loan repayment periods are determined by the National Minister of Housing. At present these loans attract interest at 1% (buildings) and 11% (infrastructure) and are repayable over 30 years.

Housing selling scheme loans
Housing loans are granted to qualifying individuals in terms of the national housing policy. These loans attract interest, as determined by the National Minister of Housing, currently **13,5%** per annum and are repayable over 20 years.

16.1 Reconciliation of the Provision for Impairment

Balance at beginning of year	2,887,533	3,714,151
Impairment Losses recognised	51,153	
Impairment Losses reversed		(826,618)
Balance at end of year	**2,836,380**	**2,887,533**

In determining the recoverability of a Long-term Receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the provision for impairment.

17 *INVENTORY*

Consumable stores	3,662,100	4,228,508
Maintenance materials	23,396,782	35,224,797
Water	2,802,416	2,859,187
Spare parts for plant & Equipment	202,178	159,436
Plants held for resale	314,450	850,960
Inventrory BNG Houses	7,093,576	17,166,814
Less: inventory held as spare parts for infrastructure assets	(7,838,914)	(13,676,376)
Total Inventory	**29,632,586**	**46,813,327**

No inventories were pledged as security for liabilities.

Inventories of R 7,838,914.35 (2013 : R 13,676,376) are held as spare parts for infrastructure assets and have been transferred to Property, Plant and Equipment.

Included in the Inventory above is BNG houses completed houses and houses still in process of construction, which on completion will be transferred to the beneficiaries. Altough these houses are entirely funded by the National Department of Human Settlements, through the Western Cape Department of Human Settlements, the Municipality is regarded as a principal in terms of GRAP and is therefore obliged to disclose any BNG in the process of construction as well as completed houses still under the control of the Municipality as inventory up to the point of transfer to the allocated beneficiary whereafter the cost is expensed through the Statement of Financial Performance.

18. *VAT*

VAT Receivable	12,337,870	12,913,004
Total Vat	**12,337,870**	**12,913,004**

Nett VAT receivable. Only once payment is received from debtors is VAT paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to the VAT Act. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

19 *CONSUMER DEBTORS FROM EXCHANGES TRANSACTIONS*

As at 30 June 2014	Gross Balances	Provision for Impairment	Net Balance
Service debtors	236,031,967	(93,691,108)	142,340,859
Trade: Electricity	110,311,007	(13,521,941)	96,789,066
Water	59,206,103	(31,698,097)	27,508,006
Waste Management (solid waste)	43,644,978	(32,199,587)	11,445,391
Waste Water Management (sewerage and sanitation)	22,869,878	(16,271,483)	6,598,395
Housing Rental Schemes	11,760,516	(10,082,308)	1,678,208
Housing Selling Schemes	1,274,499	(945,784)	328,715
Total	**249,066,982**	**(104,719,200)**	**144,347,782**

As at 30 June 2013	Gross Balances	Provision for Impairment	Net Balance
Service debtors	256,142,687	(103,745,195)	152,397,492
Trade: Electricity	128,013,742	(10,670,594)	117,343,148
Water	58,143,505	(40,105,494)	18,038,012
Waste Management (solid waste)	45,677,717	(34,987,004)	10,690,713
Waste Water Management (sewerage and sanitation)	24,307,723	(17,982,103)	6,325,619
Housing Rental Schemes	15,710,788	(13,886,414)	1,824,374
Housing Selling Schemes	1,665,561	(1,522,005)	143,556
Total	**273,519,036**	**(119,153,613)**	**154,365,422**

The average credit period for Consumer Debtors is 30 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter penalties of 10% and interest is charged at the prime rate per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Consumer Debtors.

The average age of these receivables is 52 days (2013: 59 days).

The management of the municipality is of the opinion that the carrying value of Consumer Debtors approximate their fair values.

The fair value of Consumer Debtors was determined after considering the standard terms and conditions of agreements entered into between the municipality and Consumer Debtors as well as the current payment ratio's of the municipality's Consumer Debtors.

Analysis of Consumer Debtors Age in Days

	Not due		Past due			
As at 30 June 2014	**Current**	**Current impaired**	**31 - 60**	**31 - 60 impaired**	**61 - 90**	**61 - 90 impaired**
	R	R	R	R	R	R
Electricity	86,949,781	1,100,959	5,549,610	600,021	1,991,391	510,384
Water	12,833,234	845,373	3,560,968	1,036,021	2,916,525	1,134,077
Waste Management (solid waste)	4,676,749	196,184	1,871,487	182,628	1,596,163	226,313
Waste Water Management (sewerage and sanitation)	3,531,176	102,164	1,033,844	95,348	825,026	106,863
Housing Rental Schemes	476,305	49,832	372,285	87,537	376,621	94,670
Housing Selling Schemes	70,809	31,837	19,332	5,307	27,292	10,802
Total	**108,538,053**	**2,326,349**	**12,407,524**	**2,006,863**	**7,733,017**	**2,083,108**

As at 30 June 2014	Past due 91 - 120+	91 - 120+ impaired	*Total*	Total impaired	*Total - Past due but not impaired*
	R	R	R	R	R
Electricity	15,820,227	11,310,578	110,311,007	13,521,941	10,940,244
Water	39,895,376	28,682,625	59,206,103	31,698,097	15,520,146
Waste Management (solid waste)	35,500,580	31,594,462	43,644,978	32,199,587	6,964,826
Waste Water Management (sewerage and sanitation)	17,479,832	15,967,108	22,869,878	16,271,483	3,169,383
Housing Rental Schemes	10,535,306	9,850,269	11,760,516	10,082,308	1,251,736
Housing Selling Schemes	1,157,067	897,839	1,274,499	945,784	289,742
Total	**120,388,387**	**98,302,880**	**249,066,982**	**104,719,200**	**38,136,078**

Analysis of Consumer Debtors Age in Days

As at 30 June 2013	Not due Current	Current impaired	Past due 31 - 60	31 - 60 impaired	61 - 90	61 - 90 impaired
	R	R	R	R	R	R
Electricity	90,664,215	1,153,457	25,942,678	537,983	1,358,954	348,000
Water	9,890,793	819,382	3,082,035	701,293	2,649,266	732,701
Waste Management (solid waste)	5,295,284	943,148	2,200,260	422,944	1,730,689	206,444
Waste Water Management (sewerage and sanitation)	3,476,540	495,681	1,259,785	321,879	859,977	114,610
Housing Rental Schemes	1,359,750	850,900	1,139,156	725,775	879,870	542,471
Housing Selling Schemes	62,848	23,979	44,052	15,127	38,082	13,064
Total	**110,749,430**	**4,286,547**	**33,667,965**	**2,725,001**	**7,516,838**	**1,957,290**

As at 30 June 2013	Past due 91 - 120+	91 - 120+ impaired	*Total*	Total impaired	*Total - Past due but not impaired*
	R	R	R	R	R
Electricity	10,047,894	8,631,153	128,013,742	10,670,594	27,832,391
Water	42,521,412	37,852,117	58,143,506	40,105,493	8,966,602
Waste Management (solid waste)	36,451,484	33,414,469	45,677,717	34,987,004	6,338,577
Waste Water Management (sewerage and sanitation)	18,711,420	17,049,933	24,307,723	17,982,103	3,344,760
Housing Rental Schemes	12,332,013	11,767,268	15,710,788	13,886,414	1,315,525
Housing Selling Schemes	1,520,580	1,469,835	1,665,561	1,522,005	104,687
Total	**121,584,804**	**110,184,775**	**273,519,036**	**119,153,613**	**47,902,541**

	2014	2013
	R	R
Reconciliation of Impairment provision		
Balance at beginning of the year	137,555,913	145,946,732
Contributions to provisions	(20,814,494)	(8,390,819)
Transfers to/(from) provisions	0	0
Balance at 30 June 2014	**116,741,419**	**137,555,913**

In determining the recoverability of a Consumer Debtor, the municipality considers any change in the credit quality of the Consumer Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Allowance for Doubtful Debts.

Included in the Allowance for Doubtful Debts are individually impaired Consumer Debtors with a balance of R 4,577,973 (2013: R 3,872,292) which have been placed under liquidation. The impairment recognised represents the difference between the carrying amount of these Consumer Debtors and the present value of the expected liquidation proceeds. The municipality holds no collateral over these balances .

19.1 CONSUMER DEBTORS FROM NON-EXCHANGE TRANSACTIONS

As at 30 June 2014	Gross Balances	Provision for Impairment	Net Balance
Service debtors	37,431,999	(12,022,219)	25,409,781
Rates	37,431,999	(12,022,219)	25,409,781
Total	**37,431,999**	**(12,022,219)**	**25,409,781**

As at 30 June 2013	Gross Balances	Provision for Impairment	Net Balance
Service debtors	37,268,124	(18,402,299)	18,865,825
Rates	37,268,124	(18,402,299)	18,865,825
Total	**37,268,124**	**(18,402,299)**	**18,865,825**

Analysis of Consumer Debtors Age in Days

As at 30 June 2014	Not due Current	Current impaired	Past due 31 - 60	31 - 60 impaired	61 - 90	61 - 90 impaired
	R	R	R	R	R	R
Rates	11,936,365	471,798	2,131,331	343,095	1,290,166	259,868
Total	**11,936,365**	**471,798**	**2,131,331**	**343,095**	**1,290,166**	**259,868**

	Past due 91 - 120+	90 - 120+ impaired	*Total*	Total impaired	*Total - Past due but not impaired*
	R		R		
	22,074,137	10,947,458	37,431,999	12,022,219	13,945,214
	22,074,137	**10,947,458**	**37,431,999**	**12,022,219**	**13,945,214**

Analysis of Consumer Debtors Age in Days

As at 30 June 2013	Not due Current	Current impaired	Past due 31 - 60	31 - 60 impaired	61 - 90	61 - 90 impaired
	R		R		R	
Rates	11,183,999	550,155	2,166,737	301,943	1,481,435	286,598
Total	**11,183,999**	**550,155**	**2,166,737**	**301,943**	**1,481,435**	**286,598**

	Past due 91 - 120+	90 - 120+ impaired	*Total*	Total impaired	*Total - Past due but not impaired*
	R		R		
	22,435,953	17,263,604	37,268,124	18,402,299	8,231,981
	22,435,953	**17,263,604**	**37,268,124**	**18,402,299**	**8,231,981**

20 OTHER DEBTORS FROM EXCHANGE TRANSACTIONS

Sundries	10,541,491	11,980,015
Sporting bodies	237	10,572
Rental Leases : Straight lining	102,411	58,052
Recoverable loans	531,230	163,714
Less : Provision for Impairment	(6,403,868)	(6,967,267)
Total Other Debtors from exchange transactions	**4,771,501**	**5,245,085**

20.1 OTHER DEBTORS FROM NON-EXCHANGE TRANSACTIONS

Grants & Subsidies	24,062,988	30,906,693
Recoverable Debtors	13,679,003	8,865,862
Fruitless and wasteful expenditure	14,475	14,475
Total Other Debtors from non-exchange transactions	**37,756,466**	**39,787,030**

The average credit period for Government Grants and Subsidies is dependent on the Government Department involved and the nature of the claim. No interest is charged on outstanding Government Grants and Subsidies. The subsidies is payable to the municipality due to allocations made in the DORA or based on agreements between the municipality and the relevant departments.

The claims instituted against the municipality's insurance company are supported by valid insurance claims which are claimable in terms of the insurance contract entered into by the municipality. The average waiting period depends on the nature of the claim. No interest is charged on outstanding insurance claims.

The average credit period for Other Debtors is 30 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Other Debtors.

The management of the municipality is of the opinion that the carrying value of Other Debtors approximate their fair values.

The fair value of Other Debtors was determined after considering the standard terms and conditions of agreements entered into between the municipality and National / Provincial Departments as well as Other Debtors. The current payment ratio's of Other Debtors were also taken into account for fair value determination.

Reconciliation of Impairment provision		
Balance at beginning of the year	6,967,267	6,138,624
Transfers to/(from) provisions	(563,400)	828,643
Balance at 30 June 2014	**6,403,868**	**6,967,267**

The impairment provision was calculated after individually assessing other debtors and by calculating the historical payment ratios and assuming that future payment ratios would be similar to the historical payment ratios.

The provision for doubtful debts on other debtors exist predominantly due to the possibility that these debts will not be recovered were assessed individually for impairment.

In determining the recoverability of a Debtor, the municipality considers any change in the credit quality of the Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Allowance for Doubtful Debts.

21 *CASH AND CASH EQUIVALENTS (BANK AND CASH)*

The Municipality has the following bank accounts: -

Primary Account	14-9812-1861	36,322,279	64,933,345
Secondary Account	14-9812-1853	0	0
Traffic Fines Bank account	620-715-265-14	4,672	11,199
		36,326,951	**64,944,544**

All accounts are with Nedbank except the traffic fines account which is with First National Bank. All account balances are cleared on a daily basis to the main account. The municipality have an overdraft facility of R 5 million with Nedbank but did not utilise it for this financial year.

Bank statement balance at beginning of year	64,933,345	84,188,082
Bank statement balance at end of year	36,322,279	64,933,345
Cash book balance at beginning of year	**65,198,648**	**9,777,399**
Petty Cash / Float	**13,700**	**13,700**
Cash at bank	36,326,951	64,944,544
Cashbook overdrawn	(16,562,486)	254,104
Cash book balance at end of year	**19,764,465**	**65,198,648**
Short term Investment deposits.	**159,008,017**	**70,633,984**
TOTAL CASH AND CASH EQUIVALENTS	**178,786,182**	**135,846,333**

For the purposes of the Cash Flow Statement, Bank, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments less than 12 months.

The management of the municipality is of the opinion that the carrying value of Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

INSTITUTION	ACCOUNT NUMBER	ACCOUNT TYPE	2014	2013
ABSA	92-0578-8612	CALL ACCOUNT	0	1,346,961
ABSA	90-5907-5162	CALL ACCOUNT	0	22,202,889
ABSA	92-9096-7912	CALL ACCOUNT	22,240,303	0
ABSA	92-9214-9948	CALL ACCOUNT	21,064,394	0
ABSA	92-9216-2871	CALL ACCOUNT	22,417,123	0
			65,721,820	**23,549,850**
FIRST NATIONAL BANK	621-8849-4894	CALL ACCOUNT	0	1,145,917
			0	**1,145,917**
INVESTEC	1400-020170-500	CALL ACCOUNT	37,600,000	21,864,706
			37,600,000	**21,864,706**
NEDBANK	03-7881526373-052	CALL ACCOUNT	0	12,589,678
NEDBANK	03-7881526373-052	FIXED DEPOSIT	0	1,000,000
NEDBANK	03-7881526373-156	FIXED DEPOSIT	0	6,000,000
NEDBANK	03-7881526373-155	FIXED DEPOSIT	0	4,000,000
NEDBANK	03-7881536373-052	CALL ACCOUNT	43,274,907	0
NEDBANK	03-7881536373-189	CALL ACCOUNT	12,400,000	0
			55,674,907	**23,589,678**
STANDARD BANK	78-758-3000-001	CALL ACCOUNT	0	67,765
STANDARD BANK	78-758-3000-014	CALL ACCOUNT	0	416,068
STANDARD BANK	07-877-6384-014	CALL ACCOUNT	86	0
STANDARD BANK	78-875-8300-035	CALL ACCOUNT	166	0
STANDARD BANK	78-875-8300-037	CALL ACCOUNT	11,039	0
			11,291	**483,833**
ESKOM	E170	STOCK	139,301	153,005
			139,301	**153,005**
TOTAL INVESTMENTS			**159,147,318**	**70,786,989**

22 *PROPERTY RATES*

Actual		
Residential	136,371,171	123,740,436
Agricultural	45,216,344	37,090,100
Commercial	59,033,753	47,398,900
State	25,911,014	18,732,426
Less : Income forgone	(80,968,733)	(48,663,712)
Total Property Rates	**185,563,549**	**178,298,150**
Valuations as at July 2009		
Residential	24,954,024,765	21,341,654,109
Agricultural	7,537,171,835	6,413,076,800
Commercial	5,774,142,345	4,844,381,349
State	2,574,345,789	1,272,583,257
Total Property Valuations	**40,839,684,734**	**33,871,695,515**

General Valuations on land and buildings are performed every four years. The last general valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A uniform rate for the same class and type of property was applied with the implementation of the property rates act. A rate on different categories was applied to property valuations to determine assessment rates. Rebates of 50% are applied to pensioners . A discount of 20% was granted to the state institutions.

Rates are levied monthly on property owners and are payable the 15th of each month for monthly rate payers of Drakenstein areas and 30th September for annual payers. Interest is levied at the prime rate on outstanding rates amounts.

23 SERVICE CHARGES

Sale of Electricity	728,372,726	694,426,779
Sale of Water	138,721,411	124,698,974
Waste Management (solid waste)	81,489,631	72,595,729
Waste Water Management (sewerage and sanitation)	58,299,332	51,418,248
Other	27,012	24,324
	1,006,910,112	**943,164,054**
Less: Income forgone	(62,241,647)	(52,684,300)
Total Service Charges	**944,668,465**	**890,479,754**

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

24. RENTAL OF FACILITIES AND EQUIPMENT

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Operating Lease Rental Revenue:		
- Investment Property	**0**	113,744
- Housing Rentals	6,258,822	17,183,670
- Other Rental Revenue	2,268,518	1,715,553
Total Rentals	**8,527,340**	**19,012,967**

25. INTEREST AND DIVIDENDS EARNED

Interest - external investments	9,840,452	6,105,540
Dividends - stock	15,120	15,120
Interest - outstanding debtors	12,301,251	10,922,408
Total Interest Receivable	**22,156,823**	**17,043,068**

26. GOVERNMENT GRANTS AND SUBSIDIES

Grants from Operational	128,615,755	142,884,072
Grants from Capital	97,447,304	56,630,809
	226,063,060	**199,514,881**
Equitable Share	75,995,000	74,305,626
Other	24,896,823	8,196,598
Operational grants	**100,891,823**	**82,502,224**
Conditional grants	**126,947,829**	**117,012,657**
MIG/SMIF/RBIG Grants	70,739,724	41,968,072
National Government : Budget Reform Programme	1,300,000	1,250,000
Provincial Government : Highway claims	0	231,000
Provincial Government : Housing	52,123,977	70,515,140
Provincial Government : Other projects	2,784,128	3,048,445
Housing Scheme treated as an agency	**-1,776,592**	0
Total Government Grant and Subsidies	**226,063,060**	**199,514,881**

26.1 Equitable Share

Balance unspent at beginning of year	0	(4,908,626)
Current year receipts	(75,995,000)	(69,397,000)
Conditions met - transferred to revenue	75,995,000	74,305,626
Conditions still to be met - transferred to liabilities (refer note 10)	**0**	**0**

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy equal to **R190** for the basic charges of Electricity, Refuse Removal, Sewerage and Water Services, the subsidy is adjusted as tariffs increase. All residential households receive 10 kl water free every month. Indigent households receive 100 kWh electricity free every month .

26.2 MIG/SMIF Grants

Balance unspent at beginning of year	(5,174,993)	(5,063,065)
Current year receipts	(72,632,824)	(42,080,000)
Conditions met - transferred to revenue	70,739,724	41,968,072
Conditions still to be met - transferred to liabilities (refer note 10)	**(7,068,093)**	**(5,174,993)**

This grant was used to construct infrastructure assets for the Municipality. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.

26.3 National Government : Budget Reform Programme

Balance unspent at beginning of year	0	(0)
Current year receipts	(1,700,000)	(1,250,000)
Conditions met - transferred to revenue	1,300,355	1,250,000
Transferred to Euitable Share	0	0
Conditions still to be met - transferred to liabilities (refer note 10)	**(399,645)**	**0**

This grant received from National Government are for operational and capital expenditure projects related to budget reform and implementation of the MFMA . Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.

26.4 Provincial Health Subsidies

Nothing to report on

26.5 Provincial Government : Highway claims

Balance unspent at beginning of year	0	0
Current year receipts	0	(231,000)
Conditions met - transferred to revenue	0	231,000
Conditions still to be met - transferred to liabilities (refer note 10)	**0**	**0**

The Municipality received various grants from PAWC for operational projects. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.

26.6 Provincial Government : Housing

Balance unspent at beginning of year	(11,237,129)	(8,077,003)
Current year receipts	(54,565,444)	(74,347,946)
Conditions met - transferred to revenue	52,123,977	71,187,819
Conditions still to be met - transferred to liabilities (refer note 10)	**(13,678,596)**	**(11,237,129)**

These grants received from Provincial Government are for the construction of houses . Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.

26.7 Provincial Government : Other projects

Balance unspent at beginning of year	(845,462)	(1,236,907)
Current year receipts	(2,790,800)	(2,657,000)
Conditions met - transferred to revenue	2,784,128	3,048,445
Transferred to Euitable Share	0	0
Conditions still to be met - transferred to liabilities (refer note 10)	**(852,134)**	**(845,462)**

These grants received from Provincial Government are for operational and capital expenditure such as, restructuring and other. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.

26.8 Other institutions

Balance unspent at beginning of year	(7,677,421)	(6,208,727)
Current year receipts	(34,224,365)	(9,890,754)
Conditions met - transferred to revenue	24,896,823	8,196,598
Reimbursement of guarantees and levy's	326,155	225,462
Conditions still to be met - transferred to liabilities (refer note 10)	**(16,678,807)**	**(7,677,421)**

These grants received from other institutions are for operational and capital expenditure projects. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.

27 OTHER INCOME

Admin charges	1,414,980	1,298,602
(Gains) on actuarial valuations	657,295	1,915,805
Inventory surplusses	0	223,671
Camping coupons	577,494	434,488
Camping fees	373,085	385,382
Burial fees	1,691,300	1,294,387
Building inspection fees	5,902,890	3,457,330
Fair value adjusments on Investment property	0	4,313,800
Electricity: New connection fees	2,270,729	4,168,459
Entrance fees	1,153,584	1,082,143
Garden refuse removal	73,069	28,908
Legal costs recovered	87,719	188,384
Sundry Income	4,094,578	3,145,142
Water: New Connection fees	588,859	622,478
Others	7,281,236	3,660,629
	26,166,818	**26,219,611**

The amounts disclosed above for Other Income are in respect of services, other than described in Notes 23 to 24, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

28. EMPLOYEE RELATED COSTS

Salaries and Wages	243,387,608	232,895,376
Social contributions - UIF, pensions and medical aid etc.	68,347,496	51,414,706
Travel, motor car, accommodation, subsistence and other allowances	16,291,220	15,078,386
Housing benefits and allowances	1,889,748	2,049,404
Housing Allowance	17,370	
Overtime payments	18,642,465	15,967,831
Contribution - Furniture Removal	111,794	28,550
Performance bonus	0	0
Workman Compensation	3,082,381	2,851,419
Contribution to leave reserve	3,543,177	4,752,241
Defined Benefit Plan Expense: Post Employment Health Care Benefits	**1,189,152**	**11,326,427**
Current Service Cost	0	1,899,338
Loss on actuarial valuations (Post Em[loyment Health Care)	1,189,152	1,704,923
(Gains) on actuarial valuations	0	0
Interest Cost	0	7,722,166
Defined Benefit Plan Expense: Ex Gratia Pension Benefits	**(657,295)**	**523,358**
Current Service Cost	0	0
Loss on actuarial valuations	0	(1,916,231)
(Gains) on actuarial valuations	(657,295)	1,915,805
Interest Cost	0	523,784
Defined Benefit Plan Expense: Long Service Awards	**11,998,993**	**4,927,106**
Current Service Cost	0	1,813,264
Loss on actuarial valuations (Long Service Awards))	11,998,993	2,207,927
(Gains) on actuarial valuations	0	0
Interest Cost	0	905,915
	367,844,110	341,814,805
Expenditure Recharged	(564,960)	(599,639)
Recharged to repairs and maintenance	0	0
Recharged to capital projects	(564,960)	(599,639)
Total Employee Related Costs	**367,279,150**	**341,215,166**

No advances were made to employees.

Remuneration of Executives	Total	Annual Salary	Performance Bonus	Re Imbursive Traveling	Housing Allowance	Acting Allowance	Setting Allowance	Backpay	Leave	Car Allowance	Social Contribution	Cell Allowance
	R	R	R	R	R	R	R	R	R	R	R	R
2014												
Mettler JF (Municipal Manager)	1,395,320	1,322,695	0	6,940	0	0	0	0	0	63,900	1,785	0
Carstens J (Chief Financial Officer)	1,260,965	930,696	0	1,291	0	0	0	0	0	98,812	230,166	0
Boshoff GBF (Executive Director Social Services)	1,018,437	868,609	0	3,313	0	0	95,028	0	0	50,000	1,487	0
De Beer AME (Executive Manager Corporate Services)	1,259,674	1,118,689	0	0	0	0	0	0	0	139,200	1,785	0
Louw J (Executive Director Infrastructure)	1,252,145	1,235,370	0	0	0	0	0	0	0	0	1,785	14,990
Adam AM (Executive Manager Planning and Economic Development)	1,271,405	1,255,370	0	0	0	0	0	0	0	0	1,785	14,250
	7,457,945	**6,731,429**	**0**	**11,545**	**0**	**0**	**95,028**	**0**	**0**	**351,912**	**238,791**	**29,240**

Remuneration of Executives	Total	Annual Salary	Performance Bonus	Acting Allowance	Car Allowance	Social Contribution	Backpay	Leave	Car Allowance	Social Contribution	Cell Allowance
	R	R	R	R	R	R	R	R	R	R	R
2013											
Mettler JF (Municipal Manager)	1,283,970	1,199,856	0	0	0	0	18,501	0	63,900	1,713	0
Carstens J (Executive Director Finance)	1,105,969	788,289	0	32,000	0	0	0	0	96,685	188,995	0
Matthee T (Executive Director Social Services)	967.947	753.361	40.193	0	0	0	16.328	0	122.250	35.815	0
De Beer AME (Executive Manager Corporate Services)	1.146.350	1.005.437	0	0	0	0	0	0	139.200	1.713	0
Naidoo P (Executive Director Strategic Services)	877,101	707,812	40,789	0	0	0	16,571	0	99,756	12,172	0
Coetzee LP (Executive Director Infrastructure)	620,462	431,061	100,482	0	0	0	16,328	0	55,000	17,591	0
Adam AM (Executive Manager Planning and Economic Development)	99,115	97,917	0	0	0	0	0		0	149	1,050
	6,100,914	**4,983,733**	**181,464**	**32,000**	**0**	**0**	**67,728**	**0**	**576,791**	**258,148**	**1,050**

Remuneration of Councilors

Executive Mayor	727,785	690,159
Deputy Executive Mayor	578,931	556,101
Speaker	582,406	563,095
Whip	551,729	522,911
Councilors	10,971,119	10,044,777
Executive Mayor committee members	5,430,231	5,264,379
Total Councilors Remuneration	**18,842,200**	**17,641,423**

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker, Chief Whip and Mayoral Committee members are employed full-time. Each is provided with an office, administrative and secretarial support at the cost of the Council.

The Executive Mayor and Deputy Mayor and other full-time Mayoral Committee members have access to Council owned vehicles for ceremonial and official functions.

Executive Committee Councilors are provided with work stations which are appropriately equipped.

Certification by the Municipal Manager:
I certify that the remuneration of Councilors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Signed: Municipal Manager

29 IMPAIRMENT OF FINANCIAL ASSETS

Contribution to Impairment Provision	49,487,311	47,965,166
Contribution from Impairment provision	(69,583,804)	(56,353,960)
Contribution to housing development fund	154,080	156,052
Impaired receivables written - off	69,583,804	56,353,960
	49,641,391	**48,121,218**

30 DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	153,110,729	149,713,953
Impairment Losses	0	976,050
Amortisation: Intangible Assets	0	2,594,857
Total Depreciation and Amortisation	**153,110,729**	**153,284,860**

31. IMPAIRMENT LOSSES

31.1 Impairment Losses on Fixed Assets

Impairment Losses Recognised:	**0**	**976,050**
Property, Plant and Equipment	0	976,050
Total Impairment Losses	**0**	**976,050**

32 INTEREST PAID

Long-term liabilities	58,975,521	49,275,660
Finance leases	0	0
Total Interest on External Borrowings	**58,975,521**	**49,275,660**

The weighted average capitalisation rate on funds borrowed generally is 9.51% per annum (2013 11.28% per annum).

33. BULK PURCHASES

Electricity	475,234,547	447,788,729
Water	21,306,862	18,705,613
Total Bulk Purchases	**496,541,409**	**466,494,342**

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst water is purchased from the City of Cape Town

34. GRANTS AND SUBSIDIES PAID

Donation: Animal protection - SPCA	0	240,000
Donation: Paarl Musuem	125,000	42,802
Donation: Wellington Musuem Association	59,826	51,881
Donation: Other	262,738	92,952
	447,564	**427,635**

Animal Protection - SPCA
Donations were made to the SPCA for animals that were brought to the shelter by the municipality.

Other
The Mayor gives out donations to certain institutions on fundraising occasions depending on the needs of the institution.

Paarl Museum
Donations were made to the Paarl Museum for the preservation and exhibition of historic items.

RDP - Drakenstein
Donations were made to the RDP Drakenstein for community development and social upliftment related projects.

Safmarine Centre
Donations were made to the Safmarine Centre to support the current systems for the upliftment of the community by skills development and other training.

Wellington Museum association
Donations were made to the Wellinton Museum for the preservation and exhibition of historic items.

35. GENERAL EXPENSES

Advertising Costs	1,518,792	1,212,874
Audit Fees	5,447,683	4,616,365
Household Refuse Removal	1,200,000	1,320,686
Bank Charges	3,089,721	2,939,438
Mbekweni Multipurpose Hall	474,814	800,040
Chemicals / Works	1,550,250	1,542,232
Cleaning Toilet etc.	1,261,481	1,002,295
Conditional Grant Expenditure	62,544,933	66,992,466
Conference School Expenditure	572,748	500,955
Consultancy Fees	2,186,895	2,289,717
General Materials - Spares	890,673	890,361
High Density Cleanup Project	4,206,502	2,222,866
Hire : Equipment	505,285	1,258,235
Hire : Vehicles and Equipment	10,635,709	9,151,152
Housing Schemes : Admin (Letting SCH)	1,019,203	932,784
Housing Schemes : Assessment Rates	1,483,418	1,417,470
Housing Schemes : Electricity	1,534,221	1,950,092
Housing Schemes : Int & Redemption	1,578,296	1,588,668
Housing Schemes : Refuse	4,418,542	3,595,951
Housing Schemes : Sewerage	2,822,391	2,494,597
Housing Schemes : Water	9,007,596	5,084,157
Insurance : Premium (Short Term)	4,670,663	2,338,993
Investigations & Reports WSDP & BLUE DRO	314,067	529,510
Klapmuts Precinct Plan	0	668,313
Legal Costs : Other	1,422,554	1,420,990
Licences : Vehicles	1,436,480	1,205,091
Membership Fees	3,648,551	2,816,421
Petrol and Diesel	14,505,906	12,978,191
Postage	1,702,933	1,895,764
Pre-paid Vending System	1,027,832	1,509,512
Priting and Stationery	3,118,786	3,067,353
Professional Fees	1,278,892	995,982
Provision Land Fill Sites	3,738,631	4,166,176
Refuse Bags	138,400	855,657
Special Connections	1,203,389	2,174,889
Special Investigations	0	160,000
Standard Connections	633,727	838,357
Telephone Communication	7,730,706	7,071,533
Tidy Town Program	922,179	1,255,990
Training	1,055,115	1,441,314
Training Levy	3,380,200	2,885,177
Tyres	1,793,762	1,933,918
Uniforms and Clothing	1,697,182	1,704,187
Upgrade Protection: Computers	1,353,243	1,536,000
Valuation Expenses	201,670	1,927,857
Ward Projects - 31 Wards	3,548,599	3,210,468
Other Expenditure	27,728,713	18,583,461
	206,201,335	**192,974,504**

36 *CASH GENERATED BY OPERATIONS*

Surplus/(Deficit) for the year	**740,420**	**8,123,157**
Adjustment for :-	**158,279,601**	**147,837,676**
- Depreciation and amortisation	153,110,729	152,308,810
- Housing Development Fund	1,749,235	1,727,253
- Self Insurance Reserve	(216,434)	(188,954)
- Performance Bonusses	0	
- Interdepartmental Charges	0	
- Impairment Losses	0	976,050
- (Gain)/Losses on disposal of property, plant and equipment	0	(3,988,300)
- Gain on assets from non exchange transactions	0	(3,005,000)
- Fair Value adjustments on Listed stock	13,704	7,817
- (Gain)/Losses on disposal of property, plant and equipment	3,622,367	0
Operating surplus before working capital changes:	**159,020,021**	**155,960,833**
(Increase)/Decrease in inventories	25,019,655	3,036,786
(Increase)/Decrease in debtors	10,491,204	(57,696,481)
Decrease /(Increase) in other debtors	(4,464,957)	(24,469,418)
Decrease /(Increase) in Post retirement benefits and Long services	17,917,746	6,094,817
(Decrease/Increase in other provisions	3,424,891	468,847
(Decrease)/Increase in unspent conditional grants and receipts	13,742,626	(488,410)
Increase/(Decrease) in creditors	(2,245,038)	24,146,018
Decrease/(Increase) in VAT(net)	575,134	6,923,093
Cash generated by operations	**223,481,281**	**113,976,085**

37 *DISCONTINUED OPERATIONS*

37.1 Health Services discontinued

Statement of Financial Performance at date of discontinuation

Revenue	0	0
Less: Expenditure	0	0
	0	0
Inter-departmental charges	0	0
Deficit for the Year	**0**	**0**

Statement of Financial Position at date of discontinuation

NET ASSETS AND LIABILITIES		
Net Assets	**0**	**0**
Accumulated deficit	0	0
Deficit for the year	0	0
Current Liabilities	0	0
Creditors	0	0
Advances DM	0	0
Total Net Assets and Liabilities	**0**	**0**
ASSETS		
Non-current Assets	**1,983,022**	**1,983,022**
Property, Plant and Equipment	4,571,151	4,571,151
Less: Accumulated depreciation	(2,588,129)	(2,588,129)
Current Assets	0	0
Debtors	0	0
Less: Provision for impairment	0	0
Total Assets	**1,983,022**	**1,983,022**

Cash flow Statement at date of discontinuation

Cash flow from operating activities		
Cash receipts	0	0
Cash paid	0	0
Cash utilised in operations	0	0
Cash flow from Financing Activities		
Increase in advance DM	0	0
Net decrease in cash and cash equivalents	**0**	**0**

38 RELATED PARTY TRANSACTIONS

Transactions with Key Management Personnel and Councilors

Compensation made to Key Management Personnel and Councilors is disclosed in note 28 above.

Consumer services rendered to Key Management Personnel amount to R 33,809
Outstanding balances on Key Management Personnel's consumer accounts at 30 June 2014 (Current Accounts) amount to R 0.00 (2013: R 0,00).

Consumer services rendered to Councilors amount to R 656,634
Outstanding balances on Councilors' consumer accounts at 30 June 2014 amount to R 1,345

The consumer services are in accordance with approved tariffs that was advertised to the public. No bad debt expenses had been recognised in respect of amounts owed by related parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Key Management Personnel and Councilors. No expense has been recognized in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Not all persons in the service of the state is seen as related parties as defined in IPSAS 20, as they do not necessarily control or have an interest that gives them significant influence over the municipality. For disclosure purposes however, awards to close family members of persons in the service of the State are disclosed in Note 44.2.

39 RESTATEMENT OF PRIOR YEAR FIGURES AND ERRORS

The following restatements and errors occurred which are set out below

(a) Change in Accounting Policy

During the 2013/14 year GRAP 25 Employee benefits became effective. As the Municipality had already developed an accounting policy in the prior year based on the requirements of GRAP 25, not retrospective changes is required in the current year.

The Municipality early adopted the revised GRAP 5 on Borrowing Cost, to be applied prospectively, whereby all borrowing costs are expensed.

(b) Prior Period Adjustments

i) Correction of Retention Payment	**Total of change 2013**
A number of adjustments to the retention register in prior period transactions were discovered and corrected in the current financial period. These corrections have been applied retrospectively and the effects thereof are as follows:	
Decrease / (increase) in Payables from Exchange Transactions	**8,924,564**
Other creditors	8,924,564
Decrease / (increase) in Accumulated surplus 30 June 2012 (opening balance 2012/13)	**(8,924,564)**

ii) Correction of previous year Stock Adjustments	**Total of change 2013**
During the Stock Take procedures of 2012/13 an item on electricity stock was accidently counted twice and therefore a surplus was recorded in the Annual Financial Statements ended 30 June 2013. This year during the stock take this item had a discrepancy and after futher investigation it was discovered that the item of stock was incorrectly adjusted in the prior period. The correction was applied retrospectively and effects thereof are as follows:	
Decrease / (increase) in Other Income	**123,457**
Stock Surplusses	123,457
Decrease / (increase) in Inventory	**(123,457)**
Consumable stores	(123,457)

iii) Correction of Performance Bonusses

During the current financial year under review an amount was paid to a employees of the municipality which was applicable in the prior financial period. The adjustments were applied retrospectively and effects thereof are as follows:

	Total of change 2013
Increase / (decrease) in Employee related costs	**(80,982)**
Performance Bonusses	(80,982)
Decrease / (increase) in Trade Payables from Exchange Transactions	**80,982**
Other creditors	80,982

iv) Correction of Sale of Land

Income was incorrectly recognised relating to the sale of property in prior year. The adjustment was corrected retrospectively and are as follows:

	Total of change 2013
Decrease / (increase) in Payables from Exchange Transactions	**(18,594)**
Payments received in advance	(18,594)
Decrease/(increase) in Accumulated surplus 30 June 2012 (opening balance 2012/13)	**18,594**

v) Correction of Provision for Landfill site

The correction of error of the provision for rehabilitation is due to the the provision for the rehabilitation of landfill site was not being determined by taking into account the effect of time value of money, as a provision is measured at the best estimate of the expenditure required to settle the present obligation at the reporting date. The best estimate is determined by infalting the current costs to the future cost using an estimated future inflation rate and then discounted to the present value using a discount rate associated with a liability of a similar risk and maturity as the provision. Furthermore a incorrect contribution was corrected. The adjustment was corrected retrospectively and are as follows:

	Total of change 2013
(Increase) / Decrease in Non-current Provisions	**(1,193,151)**
Provision for Landfill Site	(1,193,151)
Decrease/(increase) in Accumulated surplus 30 June 2012 (opening balance 2012/13)	**1,000,000**
Increase / (Decrease) in General Expenses	**193,151**
Provision Land Fill Sites	193,151

vi) Correction of the Straight Lining of rental leases

It prior period the straight lining of leases, as prescribed in GRAP 13, was not performed. The adjustment was corrected retrospectively and are as follow:

	Total of change 2013
Increase / (Decrease) in Receivables from non-exchange transactions	**21,874**
Rental Leases: Straight Lining	21,874
Increase / (Decrease) in Receivables from non-exchange transactions (Opening Balance at 1 July 2012)	**36,178**
(Increase) / Decrease in Accumulated surplus 30 June 2012 (opening balance 2012/13)	**(36,178)**
(Increase) / Decrease in Rental of facilities and equipment	**(21,874)**
Rental Income on property	(21,874)

vii) Correction of the VAT aportionment

VAT aportionment exercise on certain expenses were underclaimed in the prior financial year. The adjustments was corrected retrospectively and are as follow:

	Total of change 2013
Increase / (Decrease) in VAT Receivable	**62,444**
VAT	62,444
(Increase) / Decrease in Expenses	**62,444**
Grants and subsidies paid	1
General Expenditure	56,374
Repairs and maintenance	1,207
Contracted Services	4,862

viii) Correction of previous transactions of Shop Stewards

Shop Stewards function is a centralised function administarted by Drakenstein Municipality on behalf of 5 other municipalities. During the year a error was discovered and corrected retrospectively. The correcting are as follows:

	Total of change 2013
Decrease / (increase) in Accumulated surplus 30 June 2012 (opening balance 2012/13)	**(151,972)**
Decrease / (increase) in Trade Payables from Exchange Transactions	**151,972**
Other Creditors	151,972

viiii) Correction of Assets

It was discovered that Land and Building were incorrectly included in the asset register and was correct in the current financial period. The correcting are as follows:

	Total of change 2013
Decrease / (increase) in Accumulated surplus 30 June 2012 (opening balance 2012/13)	**5,307,199**
(Decrease) / Increase in Property, Plant and Equipment (opening balance as at 1 July 2012)	**(5,307,199)**
Land and Buildings	(5,307,199)

As a result of the above errors and change in accounting policy, the prior period surplus for the year and balances are restated as follows:

(c) i) Adjustment of revenue and surplus for the year

	Previously reported	Amount of adjustment	Restated
REVENUE			
Revenue from exchange transactions	**952,509,852**	**(101,582)**	**952,408,269**
Service charges	890,479,753	-	890,479,753
Rental of facilities and equipment	18,991,092	21,874	19,012,967
Interest earned - external investments	6,105,540	-	6,105,540
Dividends - stock	15,120	-	15,120
Interest earned - outstanding debtors	10,922,408	-	10,922,408
Other income	25,995,939	(123,457)	25,872,482
Gains on disposal of property, plant and equipment	-	-	-
Revenue from non-exchange transactions	**399,179,687**	**-**	**399,179,687**
Gains from assets from non exchange transactions	3,005,000	-	3,005,000
Property rates	178,298,151	-	178,298,151
Property rates - penalties imposed and collection charges	1,471,195	-	1,471,195
Fines	4,971,247	-	4,971,247
Licences and permits	11,572,086	-	11,572,086
Inventory Surplusses	347,128	-	347,128
Government grants and subsidies	199,514,880	-	199,514,880
Total Revenue	**1,351,689,539**	**(101,582)**	**1,351,587,956**
EXPENDITURE			
Employee related costs	341,296,148	(80,982)	341,215,166
Remuneration of councillors	17,641,423	-	17,641,423
Impairment of Financial assets	48,121,218	-	48,121,218
Collection costs	9,892,204	-	9,892,204
Depreciation and Amortisation	152,308,810	-	152,308,810
Impairment Losses	976,050	-	976,050
Repairs and maintenance	53,381,916	(1,207)	53,380,709
Interest paid	49,275,660	-	49,275,660
Bulk purchases	466,494,342	-	466,494,342
Contracted services	10,761,939	(4,862)	10,757,077
Grants and subsidies paid	427,636	(1)	427,635
General expenses	192,837,727	136,777	192,974,504
Loss on disposal of property , plant and equipment	-	-	-
Total Expenditure	**1,343,415,074**	**49,725**	**1,343,464,799**
SURPLUS/(DEFICIT) FOR THE YEAR	**8,274,465**	**(151,307)**	**8,123,158**

(c) **(ii) Adjustment of opening balances**

	Previously reported	Amount of adjustment	Restated
NET ASSETS			
Accumulated Surplus 1 July 2012	**2,399,030,163**	**2,786,921**	**2,401,817,084**
Adjustment to Sale of Land		(18,594)	
Adjustment to General Expenses - Provision for Landfill sites		(1,000,000)	
Adjustment to Rental of facilities and equipment		36,178	
Adjustment to Retention Payable		8,924,564	
Adjustment to Shop Steward Payable		151,972	
Adjustment to Land and Buildings		(5,307,199)	
ASSETS AND LIABILITIES			
Non-current Provision (Opening Balance at 1 July 2012)	70,726,308	1,000,000	71,726,308
Receivables from non-exchange transactions (Opening Balance at 1 July 2012)	34,183,437	36,178	34,219,615
Payables from exchange transactions (Opening Balance at 1 July 2012)	157,613,141	8,753,998	166,367,139
Property, Plant and Equipment (Opening Balance at 1 July 2012)	3,981,936,349	(5,307,199)	3,976,629,150
RECONCILIATION OF ADJUSTMENTS DUE TO PRIOR PERIOD ERRORS:			
ASSETS			
Non-current assets	**4,204,278,201**	**(5,307,199)**	**4,198,971,003**
Property, plant and equipment	4,065,661,523	(5,307,199)	4,060,354,324
Heritage Assets	33,903,936	-	33,903,936
Intangible Assets	8,080,771		8,080,771
Investment property	93,057,000	-	93,057,000
Non current assets classified as held for sale	1,983,022	-	1,983,022
Investments	153,005	-	153,005
Long-term receivables	1,438,946	-	1,438,946
Current assets	**414,130,903**	**(2,960)**	**414,127,942**
Inventory	46,936,784	(123,457)	46,813,327
VAT	12,850,560	62,444	12,913,003
Receivables from exchange transactions	159,552,455	58,053	159,610,508
Receivables from non-exchange transactions	58,652,855	-	58,652,855
Current portion of long-term receivables	291,916	-	291,916
Cash and cash equivalents	135,846,333	-	135,846,333
Total Assets	**4,618,409,104**	**(5,310,159)**	**4,613,098,945**
NET ASSETS AND LIABILITIES			
Non-current liabilities	**706,986,922**	**1,193,151**	**708,180,073**
Long-term liabilities	531,974,484	-	531,974,484
Retirement Benefit Obligation	110,755,956	-	110,755,956
Non-Current Provisions	64,256,482	1,193,151	65,449,633
Current liabilities	**361,847,690**	**(9,138,924)**	**352,708,767**
Consumer deposits	25,925,779	-	25,925,779
Payables from exchange transactions	190,898,083	(9,138,924)	181,759,159
Unspent conditional grants and receipts	24,935,006	-	24,935,006
Current portion of long-term liabilities	98,262,569	-	98,262,569
Current portion of Retirement Benefit Obligation	6,456,296	-	6,456,296
Current Provisions	15,369,957	-	15,369,957
Total Net Assets	**3,549,574,491**	**2,635,614**	**3,552,210,105**
Housing Development Fund	42,429,598	-	42,429,598
Capital Replacement Reserve	1,089,855,827	-	1,089,855,827
Accumulated Surplus	2,417,289,066	2,635,614	2,419,924,680
Total Net Assets and Liabilities	**4,618,409,104**	**(5,310,159)**	**4,613,098,944**
		0	

CORRECTION OF ERROR

Prior year comparrative correction on Note 47 paragraph 2, from (2013 R 31,490,061) to (2013 R 58,477,060). The amount was a non-financial disclosure and therefore was corrected accordingly.

40 **FINANCING FACILITIES**

Unsecured Bank overdraft .		
- Amount used	0	0
- Amount unused	5,000,000	5,000,000
	5,000,000	**5,000,000**

41 OPERATING LEASE COMMITMENTS

The Municipality as Lessee

Future minimum lease payments under non-cancellable operating leases:

Equipment	**412,333**	**584,250**
Payable within one year	377,952	428,616
Payable within two to five years	34,381	155,634
	412,333	**584,250**

The Municipality has significant current lease arrangements for photocopy and fax machines over a period of 3 - 5 years without being subject to escalation.

The Municipality as Lessor

At Statement of Financial Performance date the Municipality has contracted with tenants for the following future minimum lease payments.

Payable within one year	447,629	375,960
Payable within two to five years	1,249,247	1,879,800
	1,696,876	**2,255,760**

The Municipality lets its investment properties under operating leases. Property rental income earned during the year was **R 113,744** .The properties are maintained by the tenants at their cost. No investment properties have been disposed of since the statement of financial performance date. Properties are leased for periods ranging from 3 to 25 years. Escalations on lease installments are applied on recommendation of an independent valuator and does not exceed 10% pa.

42 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFULL EXPENDITURE DISALLOWED

42.1 UNAUTHORISED EXPENDITURE

42.1.1 Application of sec (a) of the definition of Unauthorised expenditure in terms of the MFMA

	2014	2013
Reconciliation of unauthorised expenditure - Per Sec (a) of the definition of Unauthorised expenditure (Total Budget)		
Opening balance	0	0
Unauthorised expenditure for financial year	*** 0	*** 0
Original Unauthorised expenditure reported in 2011/12	0	0
Restatement of expenditure due to change in accounting policy or correction of errors	0	0
Written off by Council	0	0
Unauthorised expenditure awaiting authorisation	**0**	**0**

*** - For the 2012/13 year the Municipality had total saving on the overall operating and capital budget of R 00, 000, 000.

42.1.2 Application of sec (b) of the definition of Unauthorised expenditure in terms of the MFMA

	2014	2013
Reconciliation of unauthorised expenditure - Per Sec (b) of the definition of Unauthorised expenditure (Vote - GFS)		
Opening balance	(8,866,987)	(14,760,085)
Unauthorised expenditure for financial year (Aggregate of GFS Functions overspent)	0	(16,578,681)
Written off by Council	8,866,987	22,471,779
Unauthorised expenditure awaiting authorisation	**(0)**	**(8,866,987)**

2013/14

UNAUTHORISED EXPENDITURE PER GOVERNMENT FINANCIAL STATISTICS (GFS)	BUDGET	2014 ACTUAL EXPENDITURE	UNAUTHORISED	AMOUNT WRITTEN OFF BY COUNCIL
	R	R	R	R
EXECUTIVE AND COUNCIL	52,909,301	51,071,066	0	0
BUDGET AND TREASURY OFFICE	40,646,579	35,567,600	0	0
CORPORATE SERVICES	126,485,131	124,348,359	0	0
COMMUNITY AND SOCIAL SERVICES	27,880,282	25,801,956	0	0
SPORT AND RECREATION	5,405,674	5,379,780	0	0
PUBLIC SAFETY	21,329,657	21,190,333	0	0
HOUSING	141,622,361	110,813,571	0	0
HEALTH	43,779,456	43,539,411	0	0
PLANNING AND DEVELOPMENT	51,104,657	50,529,983	0	0
ROAD TRANSPORT	78,402,774	77,152,576	0	0
ENVIROMENTAL PROTECTION	86,874,840	85,014,953	0	0
ELECTRICITY	84,116,251	81,931,574	0	0
WATER	93,828,939	91,778,706	0	0
WASTE WATER MANAGEMENT	634,354,185	629,693,073	0	0
WASTE MANAGEMENT	0	0	0	0
	1,488,740,087	**1,433,812,941**	**0**	**0**
Authorised			0	
Unauthorised			0	
			0	

Unauthorised expenditure was certified and written-off by Councill on 28 August 2013
Refer to appendix C1 for more detail

2012/13

UNAUTHORISED EXPENDITURE PER GOVERNMENT FINANCIAL STATISTICS (GFS)	BUDGET	2013 RESTATED EXPENDITURE	UNAUTHORISED	AMOUNT WRITTEN OFF BY COUNCIL
	R	R	R	R
EXECUTIVE AND COUNCIL	56,734,156	57,034,050	(299,894)	0
BUDGET AND TREASURY OFFICE	55,325,225	58,565,596	(3,240,371)	5,818,593
CORPORATE SERVICES	136,341,054	129,745,284	6,595,770	0
COMMUNITY AND SOCIAL SERVICES	22,109,254	21,554,555	554,699	0
SPORT AND RECREATION	50,870,288	49,268,580	1,601,708	0
PUBLIC SAFETY	41,940,061	42,404,702	(464,641)	464,641
HOUSING	104,394,516	109,461,512	(5,066,996)	8,687,468
HEALTH	5,685,669	5,347,077	338,592	0
PLANNING AND DEVELOPMENT	30,414,198	28,869,840	1,544,358	0
ROAD TRANSPORT	83,862,680	79,362,715	4,499,965	0
ENVIROMENTAL PROTECTION	0	0	0	0
ELECTRICITY	581,083,927	582,704,138	(1,620,211)	0
WATER	70,674,733	67,206,745	3,467,988	1,614,508
WASTE WATER MANAGEMENT	58,258,457	59,466,167	(1,207,710)	1,207,710
WASTE MANAGEMENT	47,727,594	52,406,453	(4,678,859)	4,678,859
	1,345,421,812	**1,343,397,414**	**2,024,398**	**22,471,779**
Authorised			18,603,080	
Unauthorised			(16,578,681)	
			2,024,398	

Unauthorised expenditure was certified and written-off by Councill on 28 August 2013
Refer to appendix C1 for more detail

42.1.3 Application of sec (b) of the definition of Unauthorised expenditure in terms of the MFMA

	2014	2013
Reconciliation of unauthorised expenditure - Per Sec (b) of the definition of Unauthorised expenditure (Vote - Directorate)		
Opening balance	(3,013,752)	(9,203,547)
Unauthorised expenditure for financial year (Aggregate of Directorates overspent)	0	(10,160,808)
Written off by Council	3,013,752	16,350,603
Unauthorised expenditure awaiting authorisation	**(0)**	**(3,013,752)**

UNAUTHORISED EXPENDITURE PER VOTE (DIRECTORATE)	BUDGET	2014 ACTUAL EXPENDITURE	UNAUTHORISED	AMOUNT WRITTEN OFF BY COUNCIL
	R	R	R	R
OFFICE OF THE MUNICIPAL MANAGER	2,471,018	2,216,962	0	0
CORPORATE SERVICES	99,367,754	96,087,949	0	0
COMMUNITY SERVICES	346,640,266	313,403,195	0	0
FINANCIAL SERVICES	41,014,892	35,919,759	0	0
PLANNING AND ECONOMIC DEVELOPMENT	27,166,194	25,093,692	0	0
INFRASTRUCTURE SERVICES	972,079,963	961,091,384	0	0
	1,488,740,087	**1,433,812,941**	**0**	**0**
Authorised			0	
Unauthorised			0	
			0	

Unauthorised expenditure was certified and written-off by Councill on 28 August 2013

UNAUTHORISED EXPENDITURE PER VOTE (DIRECTORATE)	BUDGET	2013 ACTUAL EXPENDITURE	UNAUTHORISED	AMOUNT WRITTEN OFF BY COUNCIL
	R	R	R	R
OFFICE OF THE MUNICIPAL MANAGER	13,383,861	11,442,673	1,941,188	0
CORPORATE SERVICES	104,194,671	104,037,884	156,787	0
COMMUNITY SERVICES	278,615,628	285,549,515	(6,933,887)	10,545,459
FINANCIAL SERVICES	60,097,977	63,324,898	(3,226,921)	5,805,144
PLANNING AND ECONOMIC DEVELOPMENT	27,746,851	26,289,474	1,457,377	0
INFRASTRUCTURE SERVICES	861,382,824	852,752,970	8,629,854	0
	1,345,421,812	**1,343,397,414**	**2,024,398**	**16,350,603**
Authorised			8,136,410	
Unauthorised			(10,160,808)	
			(2,024,398)	

Unauthorised expenditure was certified and written-off by Councill on 28 August 2013

42.2 FRUITLES AND WASTEFUL EXPENDITURE

Opening Balance	**66,493**	**426,164**
Fruitless expenditure current year	0	52,018
Payments received during the year	0	0
Approved by council	0	(411,689)
Closing Balance	**66,493**	**66,493**

Incident	Date	Disciplinary steps/criminal proceedings		
Loudhailing equipment that was hired and never returned.	11/11/2010	To be certified by Council as irrecoverable and to be written-off	0	0
Payment to service provider, payment into wrong bank.	19/08/2008	Council attorneys busy to recover money.	0	14,475
Interest on late payments on contract (Com Dev PEMPC)	13/11/2012 - 20/06/2013	To be certified by Council as irrecoverable and to be written-off	0	52,018
			66,493	**66,493**
Certified and written-off by Council as irrecoverable as per Council resolution dated 28/08/2013				**52,018**
Certified and written-off by Council as irrecoverable as per Council resolution dated 31/10/2012				**(411,689)**

42.3 IRREGULAR EXPENDITURE

Opening Balance	**5,833,054**	**4,067,385**
Irregular expenditure current year	0	3,576,491
Payments received during the year	0	0
Approved by council	0	(1,810,822)
Closing Balance	**5,833,054**	**5,833,054**

Incident	Date	Disciplinary steps/criminal proceedings		
Owner with 30% share in service of the state (Dick & Allsop SA CC)		To be certified by Council as irrecoverable and to be written-off	0	37,722
Owner with a share of 50% in service of the state (Regullar Trading 63 CC)		To be certified by Council as irrecoverable and to be written-off	0	25,800
Owner with a share of 15% in service of the state (Hi-Q Wellington T/A Nita's Place CC)		To be certified by Council as irrecoverable and to be written-off	0	278,038
Owner with a share of 25% in service of the state (Khubeka Construction CC)	27/03/2013 - 24/04/2013	To be certified by Council as irrecoverable and to be written-off	0	5,450,720
Paid more thatn the proclameted cost to company package		To be recovered	0	6,994
Paid more thatn the proclameted cost to company package		To be recovered	0	28,776
Paid more thatn the proclameted cost to company package		To be recovered	0	5,003
			5,833,054	**4,067,385**
Certified and written-off by Council as irrecoverable as per Council resolution dated 28/08/2013				(5,792,280)
Certified and written-off by Council as irrecoverable as per Council resolution dated 31/10/2012				(1,810,822)

42.4 DISTRIBUTION LOSSES

WATER

Reconciliation of water losses

Kiloliters bought	17,900,967	17,584,721
Kiloliters sold	15,277,721	15,455,388
Kiloliters lost	**2,623,246**	**2,129,333**
Value of losses	**4,564,448**	**3,705,039**
Percentage of losses	14.65%	12.11%
Norm of losses	15.00%	15.00%

Reasons for losses:

Burst pipes
Use of unmetered fire water connections at flat buildings and factories.
Open spaces & sports fields that is still unmetered
Undetected leaks underground
Scouring of mainlines and reservoirs as part of the operational procedure to ensure good water quality

ELECTRICITY

Reconciliation of MWh losses

MWh units bought	737,486,916	734,790,005
MWh units sold	697,908,317	687,784,396
MWh units lost	**39,578,599**	**47,005,609**
Value of losses	**17,689,009**	**21,008,390**
Percentage of losses	5.37%	6.40%
Norm of losses	10.00%	10.00%

Reasons for losses:

Technical losses
Unmetered services
Theft

43 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

43.1 Contributions to SALGA

Opening balance	0	0
Council subscriptions	3,646,451	2,816,421
Amount paid - current year	(3,646,451)	(2,816,421)
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	**0**	**0**

43.2 Audit fees

Opening balance	0	0
Current year audit fee	5,447,683	4,616,365
Amount paid - current year	(5,447,683)	(4,616,365)
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	**0**	**0**

43.3 VAT

VAT output payables and VAT input receivables are shown in note 18. All VAT returns have been submitted by the due date throughout the year.

43.4 PAYE

Opening balance	0	0
Current year payroll deductions	36,270,605	32,326,982
Amount paid - current year	(36,270,605)	(32,326,982)
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	**0**	**0**

43.5 UIF

Opening balance	0	0
Current year payroll deductions	4,433,654	4,302,667
Amount paid - current year	(4,433,654)	(4,302,667)
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	**0**	**0**

43.6 Pension Deductions

Opening balance	0	0
Current year payroll deductions and council contributions	58,580,590	55,477,060
Amount paid - current year	(58,580,590)	(55,477,060)
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	**0**	**0**

43.7 Medical Aid Deductions

Opening balance	0	0
Current year payroll deductions and council contributions	22,563,549	20,851,103
Amount paid - current year	(22,563,549)	(20,851,103)
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	**0**	**0**

43.8 Councilors arrear consumer accounts

The following Councilors had arrear accounts outstanding for more than 90 days as at 31 July 2013

	Total	**Outstanding less than 90 days**	**Outstanding more than 90 days**
	R	**R**	**R**
GJ/R WITBOOI	384	384	0
BJ KOTZE	2,120	2,120	0
SP VON SCHLICHT	1,674	1,674	0
LM MAGALA	219	219	0
LM MAGALA	41	41	0
E GOUWS	1	1	0
T/M ADRIAANSE	200	200	0
K/NL SHELDON	721	721	0
	5,360	**5,360**	**0**

The following Councilors had arrear accounts outstanding for more than 90 days as at 31 August 2013

	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
BJ KOTZE	83	83	0
LM MAGALA	459	459	0
LM MAGALA	72	72	0
K/NL SHELDON	4,875	4,875	0
	5,489	**5,489**	**0**

The following Councilors had arrear accounts outstanding for more than 90 days as at 30 September 2013

	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
GJ/R WITBOOI	26	26	0
CS ROSS	99	99	0
BJ KOTZE	2,507	2,507	0
F CUPIDO	28	28	0
C MANGENA	185	185	0
E GOUWS	314	314	0
T/M ADRIAANSE	52	52	0
K/NL SHELDON	3,637	3,637	0
	6,848	**6,848**	**0**

The following Councilors had arrear accounts outstanding for more than 90 days as at 31 October 2013

	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
CS ROSS	170	170	0
BJ KOTZE	3,703	3,703	0
F CUPIDO	88	88	0
E GOUWS	431	431	0
T/M ADRIAANSE	33	33	0
K/NL SHELDON	7,650	7,650	0
	12,075	**12,075**	**0**

The following Councilors had arrear accounts outstanding for more than 90 days as at 30 November 2013

	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
GJ/R WITBOOI	38	38	0
BJ KOTZE	3,380	3,380	0
C MANGENA	99	99	0
	3,517	**3,517**	**0**

The following Councilors had arrear accounts outstanding for more than 90 days as at 31 December 2013

	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
GJ/R WITBOOI	162	162	
BJ KOTZE	1,453	1,453	0
C MANGENA	141	141	0
	1,756	**1,756**	**0**

The following Councilors had arrear accounts outstanding for more than 90 days as at 31 January 2014

	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
GJ/WJ WITBOOI	1,069	1,031	38
CJ/JH POOLE	587	587	0
C MANGENA	340	340	0
C MEYER	676	676	0
	2,672	**2,634**	**38**

The following Councilors had arrear accounts outstanding for more than 90 days as at 28 February 2014

	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
BJ KOTZE	2,565	2,565	0
C MEYER	558	558	0
	3,123	**3,123**	**0**

The following Councilors had arrear accounts outstanding for more than 90 days as at 31 March 2014

	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
GJ/R WITBOOI	185	185	0
SPASIE KIKA DYSON	710	710	0
BJ KOTZE	2,372	2,372	0
JG RADEMEYER	824	824	0
C MEYER	514	514	0
	4,605	**4,605**	**0**

The following Councilors had arrear accounts outstanding for more than 90 days as at 30 April 2014

	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
GJ/R WITBOOI	1,324	1,324	0
JG RADEMEYER	1,919	1,919	0
	3,243	**3,243**	**0**

The following Councilors had arrear accounts outstanding for more than 90 days as at 31 May 2014

	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
GJ/R WITBOOI	27	27	0
	27	**27**	**0**

The following Councilors had arrear accounts outstanding for more than 90 days as at 30 June 2014

	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
GJ/R WITBOOI	709	709	0
CJ/JH POOLE	636	636	0
	1,345	**1,345**	**0**

30th June 2013	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
E GOUWS	1	1	0
T ADRIAANSE	143	143	0
GJ/R WITBOOI	187	187	0
C MANGENA	339	339	0
CJ/JH POOLE	473	473	0
AC STOWMAN	2,542	2,542	0
K/NL SHELDON	2,955	2,955	0
Total Councilor Arrear Consumer Accounts	**6,639**	**6,639**	**0**

43.9 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

Non Compliance to the following sections of chapters of the MFMA :

CHAPTER	SECTION	SUB - SECTION
8	64	-3
8	71	(1) to (5)
8	74	(1) to (2)

44 ADDITIONAL DISCLOSURES IN TERMS OF THE SUPPLY CHAIN MANAGEMENT REGULATIONS

44.1 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Supply Chain Management Policy approved by Council it is stipulated that bids where the formal procurement processes could not be followed, must be noted in the financial statements.

The majority of the items mentioned resulted from flood damage that had to be addressed at short notice and the response times did not allow for the complete procurement process to be followed. The balance of items was due to emergency circumstances and economic benefits for the municipality.

If not possible to obtain at least 3 written quotations, the reasons must be recorded and reported	8,970,453	7,783,650
If not possible to obtain at least 3 written quotations, the reasons must be recorded and approved	20,452,755	16,186,621
Dispense with the official procurement processes in an Emergency (as defined in terms of council's SCM policy)	564,496	994,994
Dispense with the official procurement processes if such goods or services are produced or available from a single Source or Sole provider (as defined interms of council's SCM policy)	2,341,885	7,538,041
Dispense with official procurement processes in any other exceptional case where it is impractical or impossible to follow the official procurement processes	3,895,428	0
Ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties	8,866,474	25,786,525
Sub - Totals	**45,091,491**	**58,289,831**
Cheque request deviations	468,761	**353,673**
Total Deviations	**45,560,252**	**58,643,504**

44.2 Awards to close family memebers of persons in service of the state - SCM Regulation 45

				2014	2013
Related Parties					
Drakenstein Municipal Officials	**Employee Name**	**Relationship**	**Department**		
D UREN VIBRACRETE	Z Ajam	Child	Finance	877,019	578,340
INTER MEDIA PRINTERS	A Brink	Spouse	Finance	0	87,038
BUSINESS CONNEXION	C Phillips	Spouse	Planning and Economic Development	6,171,940	0
BLUE SIPRIT TRADING 61CC / T/A FUTURE SECURITY SERVICES	D Heyns	Brother	Finance	42,741	0
SIPHAKAME SKILLS DEVELOPMENT CC	N Vacu	Spouse	Planning: Economic Development	247,000	52,650
MARAIS & MEDEWWERKERS BOLAND BK T/A RODE VALUATION	A Marais	Brother	Corporate Services	1,273,746	0
Other Government Officials					
Supplier Name	**Employee Name**	**Relationship**	**Department**		
KHAIZEN CHEMICALS (PTY) LTD	E Bowers	Parent	Stikland Hospital (Social Worker)	605,172	0
POWERREC (PTY) LTD	V Machimana	Parent	Dep Social Dev & Dep Gauteng Health	114,698	0
TOTAL COMPUTER SERVICES (PTY) LTD	L Sipoyo	Spouse	WC Gov (Dep of Transport)	139,080	0
VAT GUIDE CINSULTING CC	S Daniels	Spouse	SARS	28,500	0
WAM TECHNOLOGY CC	S Botes	Spouse	Dep of Education (Bellville Primary)	106,241	0
				9,606,137	**718,028**

45 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:		
- Approved and contracted for	54,177,318	130,955,365
Infrastructure	29,054,993	124,952,335
Community	4,740,749	849,956
Land & Buildings	0	0
Other	20,277,476	3,203,458
Housing	0	0
Intangibles	104,100	1,949,616
Investment Properties	0	0
Total	**54,177,318**	**130,955,365**

46 FINANCIAL INSTRUMENTS

46.1 Classification of Financial Instruments

FINANCIAL ASSETS:
In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows :

Financial Assets	Classification		
Investments			
Investment in Unlisted shares	Fair Value	139,301	153,005
Long-term Receivables			
Loans to employees	Amortised cost	0	0
Sporting bodies	Amortised cost	0	8,123
Public organisations	Amortised cost	77,834	77,834
Housing selling scheme loans	Amortised cost	1,260,877	1,644,905
Consumer Debtors from exchange transactions			
Service debtors	Amortised cost	142,340,859	152,397,492
Housing Rental Schemes	Amortised cost	1,678,208	1,824,374
Housing Selling Schemes	Amortised cost	328,715	143,556
Consumer Debtors from non-exchange transactions			
Service debtors - Rates	Amortised cost	25,409,781	18,865,825
Other Debtors from exchange transactions	Amortised cost	4,771,501	5,245,085
Other Debtors from non-exchange transactions	Amortised cost	37,756,466	39,787,030
Current Portion of Long-term Receivables			
Loans to employees	Amortised cost	0	0
Sporting bodies	Amortised cost	0	15,773
Public organisations	Amortised cost	0	0
Housing selling scheme loans	Amortised cost	304,325	276,143
VAT Receivable			
VAT Control Accounts	Amortised cost	12,337,870	12,850,560
Cash and cash equivalents			
Bank and cash on hand	Amortised cost	19,778,165	65,212,348
Other Cash Equivalents	Amortised cost	159,008,017	70,633,984

SUMMARY OF FINANCIAL ASSETS

No Loans and Receivables are designated as at Fair Value

FINANCIAL LIABILITIES:
In accordance with GRAP 104 the Financial Liabilities of the municipality are classified as follows :

Financial Liabilities	Classification		
Long-term Liabilities			
Annuity Loans	Amortised cost	651,902,268	630,237,053
Consumer Deposits			
Electricity and Water	Amortised cost	28,462,070	25,925,779
Payables from exchange transactions			
Trade creditors	Amortised cost	80,026,919	74,521,956
Staff Leave	Amortised cost	21,904,375	21,262,893
Payments received in advance	Amortised cost	21,152,339	21,577,425
Other creditors	Amortised cost	56,430,488	73,535,810
Unspent Conditional Grants and Receipts			
Conditional Grants from other spheres of Government	Amortised cost	34,991,046	21,294,163
Other Conditional Receipts	Amortised cost	3,686,585	3,640,845
Bank Overdraft			
Bank Overdraft	Amortised cost	0	0
Current Portion of Long-term Liabilities			
Annuity Loans	Amortised cost	115,669,897	98,262,569

SUMMARY OF FINANCIAL LIABILITIES

46.2 Fair Value of Financial Instruments

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values, except for the listed Government stock. In accordance with GRAP 104 the Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

	2014		2013	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
FINANCIAL ASSETS				
Amortised cost	**139,301**	**139,301**	**153,005**	**153,005**
Listed Investments	139,301	139,301	153,005	153,005
Amortised cost	**404,757,901**	**404,757,901**	**368,633,064**	**368,633,064**
Long-term Receivables	1,034,386	1,034,386	1,438,946	1,438,946
Receivables from exchange transactions	149,119,303	149,119,303	159,552,456	159,552,456
Receivables from non-exchange transactions	63,175,834	63,175,834	58,652,855	58,652,855
Current Portion of Long-term Receivables	304,325	304,325	291,916	291,916
VAT Receivable	12,337,870	12,337,870	12,850,560	12,850,560
Bank Balances and Cash	178,786,182	178,786,182	135,846,333	135,846,333
Total Financial Assets	**404,897,201**	**404,897,201**	**368,786,069**	**368,786,069**
FINANCIAL LIABILITIES				
At amortised cost:	**898,556,092**	**898,556,092**	**871,995,922**	**871,995,922**
Unsecured Bank Facilities:	**536,232,371**	**536,232,371**	**531,974,484**	**531,974,484**
- Annuity Loans	536,232,371	536,232,371	531,974,484	531,974,484
- Bank Overdraft	0	0	0	0
Trade and Other Payables:	**362,323,720**	**362,323,720**	**340,021,438**	**340,021,438**
- Consumer Deposits	28,462,070	28,462,070	25,925,779	25,925,779
- Payables from exchange transactions	179,514,121	179,514,121	190,898,083	190,898,083
- Unspent Conditional Grants	38,677,632	38,677,632	24,935,006	24,935,006
- Current Portion of Long-term Liabilities	115,669,897	115,669,897	98,262,569	98,262,569
Total Financial Liabilities	**898,556,092**	**898,556,092**	**871,995,922**	**871,995,922**
Total Financial Instruments	**(493,658,890)**	**(493,658,890)**	**(503,209,852)**	**(503,209,852)**

The Fair Values of Financial Assets and Financial Liabilities are determined as follows:

The Fair Value of Long term liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The fair value of Other Financial Assets and Financial Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the the current payment ratio's of the municipality's debtors.

The Annual Financial Statements include holdings in Escom Stock which are measured at Fair value (Note 15). Fair Value is estimated with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices.

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-
Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-
Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices

Level 3:-
Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the

30 June 2014

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Listed Investments	139,301		0	139,301
Call Deposits	0	0	0	0
Short-term Portion of Investments	0	0	0	0
Bank Balances and Cash	0	0	0	0
Total Financial Assets	139,301	0	0	139,301
FINANCIAL LIABILITIES				
Financial Instruments at Fair Value:				
Other Loans	0	0	0	0
Bank Overdraft	0	0	0	0
Total Financial Liabilities	0	0	0	0
Total Financial Instruments	139,301	0	0	139,301

30 June 2013

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Listed Investments	153,005	0	0	153,005
Call Deposits	0	0	0	0
Short-term Portion of Investments	0	0	0	0
Bank Balances and Cash	0	0	0	0
Total Financial Assets	153,005	0	0	153,005

FINANCIAL LIABILITIES

Financial Instruments at Fair Value:				
Other Loans	0	0	0	0
Bank Overdraft	0	0	0	0
Total Financial Liabilities	0	0	0	0
Total Financial Instruments	153,005	0	0	153,005

46.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 5; Cash and Cash Equivalents disclosed in Note 21; and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Notes 1 to 3 and the Statement of Changes in Net Assets.

Gearing Ratio
The gearing ratio at the year-end was as follows:

Debt	**651,902,268**	**630,237,053**
Equity	**3,937,170,521**	**3,549,574,493**
Net debt to equity ratio	16.56%	17.76%

Debt is defined as Long- and Short-term Liabilities, as detailed in Note 5.
Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Position.C2066+C2042

46.4 Financial Risk Management Objectives

Due to largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IFRS mainly apply. Generally, financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Directorate: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis, and by external auditors annually. The entity does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for monitoring and responding to potential risk, reports quarterly to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

46.5 Significant Accounting Policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the Annual Financial Statements.

46.6 Market risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 47.8 below). No formal policy exists to hedge volatilities in the interest rate market.

46.7 Interest Rate Risk

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.
Potential concentrations of interest rate risk on financial assets consist mainly of fixed deposit investments and bank and cash balances.
The municipality is not exposed to a high level of interest rate risk on its financial liabilities. All of the Municipality's interest bearing external loan liabilities, as detailed in Appendix A, are fixed interest
No interest rate sensitivity analysis was performed, as the municipality is not exposed to variable interest rates on outstanding liabilities.
The municipality's maximum exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

Effect of a change in interest rate on interest bearing financial assets and liabilities

Financial Assets	**Classification**	**R 2014**
External investments:		
Fixed Deposits	Amortised cost	139,301
Call Deposits	Amortised cost	159,008,017
Bank Balances	Amortised cost	19,764,465
Cash Floats and Advances	Amortised cost	13,700
		178,925,483
Interest received		
Interest Earned - External Investments		9,840,452
Interest rate		5%
Effect of a change in interest rate on interest earned from external investments:		
Effect of change in interest rate	%	4%
Effect of change in interest rate	Rand value	8,051,197
Effect of change in interest rate	%	6%
Effect of change in interest rate	Rand value	11,629,707
Outstanding debtors:		
Receivables from exchange transactions	Amortised cost	149,119,303
Receivables from Non exchange transactions	Amortised cost	63,175,834
Staff loans - current portion	Amortised cost	
		212,295,138
Interest received		
Interest Earned - Outstanding Debtors		12,301,251
Interest rate		6%
Effect of a change in interest rate on interest earned from outstanding debtors		
Effect of change in interest rate	%	5%
Effect of change in interest rate	Rand value	10,178,300
Effect of change in interest rate	%	7%
Effect of change in interest rate	Rand value	14,424,203
Financial Liabilities	**Classification**	
Long-term Liabilities		
Annuity Loans	Amortised cost	651,902,268
Finance leases	Amortised cost	
		651,902,268
Interest paid		
Long-term Liabilities		58,975,521
Interest rate %		9%

Effect of a change in interest rate on interest paid on long-term liabilities

Effect of change in interest rate	%	8%
Effect of change in interest rate	Rand value	52,456,498
Effect of change in interest rate	%	10%
Effect of change in interest rate	Rand value	65,494,543

46.7 Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Council. The Municipality manages liquidity risk by effectively managing its working capital, capital expenditure, external borrowings and cash flows. Standby credit facilities are available with the Municipality's main banker to cater for any unexpected temporary shortfall in operating funds.

46.8 Liquidity and Interest Risk Tables

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

30 JUNE 2014

Description	Average Effective Interest Rates	6 Months or less	6 - 12 Months	1 - 2 Years	Total carried forward
	%	R	R	R	R
FIXED RATE INSTRUMENTS					
Unsecured Bank Facilities		**(88,345,045)**	**(173,008,592)**	**(280,309,846)**	**(541,663,483)**
Loan No 10618/4 DBSA	11.48%	(4,219,686)	(8,439,372)	(16,878,743)	(29,537,801)
Loan No 10618/4 DBSA	6.75%	(849,243)	(1,698,486)	(3,396,973)	(5,944,702)
Loan No 10618/4 DBSA	10.018%	(7,250,204)	(14,500,407)	(29,000,815)	(50,751,426)
Loan No 00-0001 INCA	9.30%	(2,282,620)	(4,565,240)	(2,282,620)	(9,130,481)
Loan No 00-0001 INCA	10.03%	(1,843,201)	(3,686,402)	(7,372,803)	(12,902,406)
Loan No 00-00001 ABSA BANK	9.21%	(1,674,437)	(3,348,875)	(6,697,749)	(11,721,061)
Loan No 00-0001 ABSA BANK	8.58%	(2,400,196)	(4,800,393)	(7,200,589)	(14,401,178)
Loan No 00-0001 ABSA BANK	9.15%	(2,182,521)	(4,365,042)	(8,730,084)	(15,277,647)
Loan No NEDBANK	12.65%	(8,794,540)	(17,589,080)	(35,178,160)	(61,561,780)
Loan No 783 103 0646 NEDBANK	10.22%	(859,017)	(859,017)	0	(1,718,033)
Loan No 783 103 0646 NEDBANK	10.64%	(6,053,205)	(12,106,410)	(24,212,819)	(42,372,434)
Loan No NEDBANK	7.75%	(2,822,483)	(2,822,483)	0	(5,644,965)
Loan No NEDBANK	8.18%	(4,614,606)	(9,229,213)	(13,843,819)	(27,687,638)
Loan No NEDBANK	8.63%	(2,554,560)	(5,109,120)	(10,218,240)	(17,881,919)
Loan No NEDBANK	9.14%	(9,579,182)	(19,158,364)	(38,316,728)	(67,054,274)
Loan No NEDBANK	7.75%	(13,813,539)	(27,627,077)	(13,813,539)	(55,254,155)
Loan No NEDBANK	8.79%	(4,862,544)	(9,725,087)	(19,450,174)	(34,037,805)
Loan No 072-154-314 STANDARD BANK	10.25%	(3,041,059)	(6,082,119)	(9,123,178)	(18,246,356)
Loan No 072-154-411 STANDARD BANK	10.40%	(3,973,911)	(7,947,823)	(15,895,646)	(27,817,380)
Loan No 072-000-000 STANDARD BANK	10.08%	(4,674,292)	(9,348,584)	(18,697,168)	(32,720,043)
Total Fixed Rate Instruments		**(88,345,045)**	**(173,008,592)**	**(280,309,846)**	**(541,663,483)**
VARIABLE RATE INSTRUMENTS					
		0	0	0	0
Total Variable Rate Instruments		**0**	**0**	**0**	**0**

30 JUNE 2014

Description	Average Effective Interest Rates	Total brought forward	3- 5 Years	More than 5 Years	Total
	%	R	R	R	R
FIXED RATE INSTRUMENTS					
Unsecured Bank Facilities		**(541,663,483)**	**(267,502,166)**	**(79,912,821)**	**(889,078,471)**
Loan No 10618/4 DBSA	11.48%	(29,537,801)	(12,659,057)	0	(42,196,858)
Loan No 10618/4 DBSA	6.75%	(5,944,702)	(2,547,729)	0	(8,492,432)
Loan No 10618/4 DBSA	10.018%	(50,751,426)	(72,502,037)	(21,750,611)	(145,004,073)
Loan No 00-0001 INCA	9.30%	(9,130,481)	0	0	(9,130,481)
Loan No 00-0001 INCA	10.03%	(12,902,406)	(1,843,201)	0	(14,745,606)
Loan No 00-00001 ABSA BANK	9.21%	(11,721,061)	(8,372,187)	0	(20,093,248)
Loan No 00-0001 ABSA BANK	8.58%	(14,401,178)	0	0	(14,401,178)
Loan No 00-0001 ABSA BANK	9.15%	(15,277,647)	(6,547,563)	0	(21,825,210)
Loan No NEDBANK	12.65%	(61,561,780)	(8,794,540)	0	(70,356,320)
Loan No 783 103 0646 NEDBANK	10.64%	(1,718,033)	0	0	(1,718,033)
Loan No 783 103 0646 NEDBANK	10.22%	(42,372,434)	(36,319,229)	(6,053,205)	(84,744,867)
Loan No NEDBANK	7.75%	(5,644,965)	0	0	(5,644,965)
Loan No NEDBANK	8.18%	(27,687,638)	0	0	(27,687,638)
Loan No NEDBANK	8.63%	(17,881,919)	(7,663,680)	0	(25,545,599)
Loan No NEDBANK	9.14%	(67,054,274)	(57,475,092)	(28,737,546)	(153,266,912)
Loan No NEDBANK	7.75%	(55,254,155)	0	0	(55,254,155)
Loan No NEDBANK	8.79%	(34,037,805)	(4,862,544)	0	(38,900,348)
Loan No 072-154-314 STANDARD BANK	10.25%	(18,246,356)	0	0	(18,246,356)
Loan No 072-154-411 STANDARD BANK	10.40%	(27,817,380)	(19,869,557)	0	(47,686,937)
Loan No 072-000-000 STANDARD BANK	10.08%	(32,720,043)	(28,045,752)	(23,371,460)	(84,137,255)
Total Fixed Rate Instruments		**(541,663,483)**	**(267,502,166)**	**(79,912,821)**	**(889,078,471)**
VARIABLE RATE INSTRUMENTS					
		0	0	0	0
Total Variable Rate Instruments		**0**	**0**	**0**	**0**

30 JUNE 2013

Description	Average Effective Interest Rates	6 Months or less	6 - 12 Months	1 - 2 Years	Total carried forward
	%	R	R	R	R
FIXED RATE INSTRUMENTS					
Unsecured Bank Facilities		**(78,304,532)**	**(154,816,975)**	**(278,907,841)**	**(512,029,347)**
Loan No 10618/4 DBSA	10.80%	(1,792,407)	(1,792,726)	0	(3,585,133)
Loan No 10618/4 DBSA	11.48%	(4,219,686)	(8,439,372)	(16,878,743)	(29,537,801)
Loan No 10618/4 DBSA	6.75%	(849,243)	(1,698,486)	(3,396,973)	(5,944,702)
Loan No 00-0001 INCA	9.30%	(2,282,620)	(4,565,240)	(6,847,860)	(13,695,721)
Loan No 00-0001 INCA	10.03%	(1,843,201)	(3,686,402)	(7,372,803)	(12,902,406)
Loan No 00-00001 ABSA BANK	9.21%	(1,674,437)	(3,348,875)	(6,697,749)	(11,721,061)
Loan No NEDBANK	12.65%	(8,794,540)	(17,589,080)	(35,178,160)	(61,561,780)
Loan No 783 103 0646 NEDBANK	10.22%	(859,017)	(1,718,033)	(859,017)	(3,436,066)
Loan No 783 103 0646 NEDBANK	10.64%	(6,053,205)	(12,106,410)	(24,212,819)	(42,372,434)
Loan No NEDBANK	7.75%	(2,822,483)	(5,644,965)	(2,822,483)	(11,289,931)
Loan No NEDBANK	8.18%	(4,614,606)	(9,229,213)	(18,458,425)	(32,302,244)
Loan No NEDBANK	8.63%	(2,554,560)	(5,109,120)	(10,218,240)	(17,881,919)
Loan No NEDBANK	9.14%	(9,579,182)	(19,158,364)	(38,316,728)	(67,054,274)
Loan No NEDBANK	7.75%	(13,813,539)	(27,627,077)	(41,440,616)	(82,881,232)
Loan No NEDBANK	8.79%	(4,862,544)	(9,725,087)	(19,450,174)	(34,037,805)
Loan No 072-154-314 STANDARD BANK	10.25%	(3,041,059)	(6,082,119)	(12,164,237)	(21,287,415)
Loan No 072-154-411 STANDARD BANK	10.40%	(3,973,911)	(7,947,823)	(15,895,646)	(27,817,380)
Loan No 072-000-000 STANDARD BANK	10.08%	(4,674,292)	(9,348,584)	(18,697,168)	(32,720,043)
Total Fixed Rate Instruments		**(78,304,532)**	**(154,816,975)**	**(278,907,841)**	**(512,029,347)**
VARIABLE RATE INSTRUMENTS					
		0	0	0	0
Total Variable Rate Instruments		**0**	**0**	**0**	**0**

30 JUNE 2013

Description	Average Effective Interest Rates	Total brought forward	3- 5 Years	More than 5 Years	Total
	%	R	R	R	R
FIXED RATE INSTRUMENTS					
Unsecured Bank Facilities		**(512,029,347)**	**(328,825,987)**	**(23,602,058)**	**(864,457,392)**
Loan No 10618/4 DBSA	10.80%	(3,585,133)	0	0	(3,585,133)
Loan No 10618/4 DBSA	11.48%	(29,537,801)	(21,098,429)	0	(50,636,230)
Loan No 10618/4 DBSA	6.75%	(5,944,702)	(4,246,216)	0	(10,190,918)
Loan No 00-0001 INCA	9.30%	(13,695,721)	0	0	(13,695,721)
Loan No 00-0001 INCA	10.03%	(12,902,406)	(5,529,602)	0	(18,432,008)
Loan No 00-00001 ABSA BANK	9.21%	(11,721,061)	(11,721,061)	0	(23,442,123)
Loan No NEDBANK	12.65%	(61,561,780)	(26,383,620)	0	(87,945,400)
Loan No 783 103 0646 NEDBANK	10.22%	(3,436,066)	0	0	(3,436,066)
Loan No 783 103 0646 NEDBANK	10.64%	(42,372,434)	(54,478,843)	0	(96,851,277)
Loan No NEDBANK	7.75%	(11,289,931)	0	0	(11,289,931)
Loan No NEDBANK	8.18%	(32,302,244)	(4,614,606)	0	(36,916,850)
Loan No NEDBANK	8.63%	(17,881,919)	(12,772,799)	0	(30,654,719)
Loan No NEDBANK	9.14%	(67,054,274)	(95,791,820)	(9,579,182)	(172,425,276)
Loan No NEDBANK	7.75%	(82,881,232)	0	0	(82,881,232)
Loan No NEDBANK	8.79%	(34,037,805)	(14,587,631)	0	(48,625,435)
Loan No 072-154-314 STANDARD BANK	10.25%	(21,287,415)	(3,041,059)	0	(24,328,474)
Loan No 072-154-411 STANDARD BANK	10.40%	(27,817,380)	(27,817,380)	0	(55,634,760)
Loan No 072-000-000 STANDARD BANK	10.08%	(32,720,043)	(46,742,919)	(14,022,876)	(93,485,838)
Total Fixed Rate Instruments		**(512,029,347)**	**(328,825,987)**	**(23,602,058)**	**(864,457,392)**
VARIABLE RATE INSTRUMENTS					
		0	0	0	0
Total Variable Rate Instruments		**0**	**0**	**0**	**0**

The municipality has access to financing facilities, the total unused amount which is R5 million at the balance sheet date. The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain its current debt to equity ratio. This will be achieved through the annual increase in tariffs to maintain the accumulated surplus , as well as the increased use of unsecured bank loan facilities.

46.9 Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.
Potential concentrations of credit risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The Municipality manages credit risk in its borrowing and investing activities by only dealing with well-established financial institutions of high credit standing, and by spreading its exposure over a range of such institutions in accordance with its approved investment policies. Credit risk relating to consumer debtors is managed in accordance with the Municipality's credit control and debt collection policy. The Municipality's credit exposure is spread over a large number and wide variety of consumers and is not concentrated in any particular sector or geographical area. Adequate provision has been made for anticipated bad and doubtful debts. Additional information relating to the analysis of consumer debtors is given in the accounting policies and note 19 to the financial statements.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings .

The carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Investments	139,301	153,005
Long-term Receivables	4,175,091	4,618,395
Receivables from Exchange Transactions	286,498,981	310,787,160
Receivables from Non - Exchange Transactions	42,527,967	44,974,063
VAT receivable	12,337,870	12,850,560
Bank and Cash Balances	178,786,182	135,846,333
Maximum Credit and Interest Risk Exposure	**524,465,393**	**509,229,516**

46.10 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

47 RETIREMENT BENEFIT INFORMATION

The Municipality makes provision for post-retirement benefits to eligible Councilors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.
The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councilors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R 58,580,590 (2013: R 55,477,060) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans.
These schemes are subject to a tri-annual, bi-annual or annual actuarial valuation as set out hereunder.

CAPE JOINT PENSION FUND

The Cape Joint Pension Fund operates both as a defined benefit and defined contribution scheme.

Defined Benefit Scheme
The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 18% (period 30 June 2009 - 31 January 2012) and 23.06 % (period 1 February 2012 - 30 June 2012) by their councils. The actuarial valuation report at 30 June 2013 disclosed an actuarial valutation amounting to R3,226,863,000 (30 June 2012 : R3,014,878,000), with a nett accumulated deficit of R10,030,000 (2012 : R18,287,000), with a funding level of 99.7% (30 June 2012 : 99.4%).

Defined Contribution Scheme
The actuarial valuation report at 30 June 2013 indicated that the defined contribution scheme of the fund is in a sound financial position, with a assets amounting to R483,618,000 (30 June 2012 : R421,900,000), net investment reserve of (R787,000) (30 June 2012 : R21,231,000) and a funding level of 99.8% (2012 : 105.3%).

The actuary certified that :
- The pensioner account was 100% funded and is in a sound financial condition.
- The funding level in respect of the DB active members was 99.2% with a deficit of R10 million. Provided that the relatively small deficit is addressed as part of the restructuring process, the DB Section will be in a sound financial condition.
- After allowing for the allocation of -0.2% to Members' Shares in November 2013, the DC Section is in a sound financial condition.
- The nature of the assets is suitable for the Fund.
- The assets are appropriately matched relative to the term and nature of the active member liabilities. A greater proportion of the assets underlying the pensioner liabilities should be invested in assets that more closely match the pensioner liabilities.
- The Fund's investment strategy is suitable provided that the pensioner liabilities are adequately matched.
- The risk benefits are partially re-insured. It is consider appropriate for the size and nature of the Fund.

CAPE JOINT RETIREMENT FUND

The statutory valuation performed as at 30 June 2012 revealed that the assets of the fund amounted to R13,607,813,000 (30 June 2012: R11,321,658,000), with funding levels of 100.2% and 105.1% (30 June 2012 99.9% and 108%) for the Share Account and the Pensions Account respectively. The contribution rate paid by the members (7,50%) and the municipalities (19,50%) is sufficient to fund the benefits accruing from the fund in the future. The actuary certified that the structure of the assets is appropriate relative to the nature of the liabilities, given normal circumstances and that the Fund is in a sound financial condition as at the valuation date.

SALA PENSION FUND
The SALA Pension Fund operates both as a defined benefit and defined contribution scheme.

The statutory valuation performed as at 30 June 2013 revealed that the assets of the fund amounted to R10,439,200,000 million (30 June 2012 : R 8,753,400,000), with funding levels of 100% (30 June 2012: 100%). The highest contribution rate paid by the members was 9% and by Council 18%.

Pensions were increased during the valuation period by 2.75% on 1 November 2012 (pro-rata for new pensions since 1 November 2011), equivalent to 50% of the inflation rate over the previous financial year. Subsequent to the valuation date pensions were increased by 5.5% on 1 November 2013, equivalent to 100% of the inflation rate over the financial year ending on 1 July 2013.
It is the actuary's opinion that :
- They are satisfied with the investment strategy of the Fund;
- the nature of the assets is, in their opinion, suitable for the nature of the liabilities of the Fund as defined in the Rules of the Fund;
- the matching of assets with the liabilities of the Fund is adequate; and
- the insurance arrangements are appropriate compared to the cover provided can be regarded as financially sound at the valuation date.

MUNICIPAL COUNCILLORS' PENSION FUND
The Municipal Councilors Pension Fund operates as a defined contribution scheme. The statutory valuation performed as at 30 June 2012 revealed that the assets of the fund amounted to R1,183,539,452 (30 June 2009 : R1,123,672,020), with funding levels of 100% (30 June 2009: 100%). The contribution rate paid by the members (13,75 %) and council (15 %) is sufficient to fund the benefits accruing from the fund in the future. The Acturay certified that the Fund has a funding level of 99.5% as at the 30 June 2012 and is therefore technically not financially sound. However they regarded the deficit of R6,407,706 made as relatively insignificant in the context of the Fund.

NATIONAL FUND FOR MUNICIPAL WORKERS

The fund operates as a defined contribution fund and in terms of the rules of the fund category A and category C members contribute at a rate as agreed upon by the Local Authority and the member, subject to an absolute minimum contribution of 2% and 5% of their remuneration respectively.
The Local Authority must contribute in respect of category A and category C members such an amount as agreed between the Local Authority and the fund, subject to a minimum contribution rate of 2% and 5% of their remuneration respectively. Category B members are members who belong to both category A and C and the Local Authority must, on behalf of such members, not contribute less than 7% of their remuneration. The contribution rates stipulated above include the amount payable towards the insured risk benefits policy.

The statutory valuation performed as at 30 June 2013 revealed that the assets of the fund amounted to R6,981,450,000 (30 June 2012 : R5,646,373,000), with funding levels of 99.97% (30 June 2012: 98.89%). The actuary certified that the assets of the fund are sufficient to cover 99.97% of the members' liabilities, after taking into account the negative bonus declarations of 0.3% per month for July 2013, August 2013 and September 2013.

SOUTH AFRICAN MUNICIPAL WORKERS UNION NATIONAL PROVIDENT FUND

The SAMWU National Provident Fund is a defined contribution scheme. Members contribute at a rate of not less than 7.5% of salaries, as required by the Rules. The employers contribute at a total rate of not less than 18%. The statutory valuation performed as at 30 June 2008 revealed that the assets of the fund amounted to R2,455,947,000 (30 June 2005 : R1,511,461,000), with funding levels of 100% (30 June 2005: 100%). The actuary certified that based on the 2008 actuarial valaution the Fund's assets are sufficient to cover the members' Fund Credits and Risk Benefits Reserve and to provide for an investment smoothing reserve as at 30 June 2008. The Fund is therefore in a sound financial position.

48 CONTINGENT LIABILITY

Nova Packhouse (Pty) Ltd

Claim for damages	**114,563,595**	**114,563,595**
On 20 April 2009 a fire caused severe and extensive damage to the buildings and the facilities, including moveable assets of the claimants (Nova Packhouse / Colors Packhouse Pty (Ltd)). It is alleged that the fire could have been contained and loss suffered reduced had various fire preventative mechanisms been installed at the premises. Council is waiting for legal advice. A court date has not yet been set. Should Council be unsuccessful in defending the claim, there is a possibility that the claim will be settled.		

Paarl Print

Claim for damages	**448,819,504**	**448,819,504**
A fire destroyed the Paarl Print property erf 25867, Paarl during September 2009. As a result of this incident, the applicant during March 2012 lodged a claim against the Municipality to the amount of R448 819 503.79. Claim was referred to Council's insurers and notice of intention to defend was lodged by the insurer's legal representatives. Council is waiting for legal advice. A court date has not yet been set. Should Council be unsuccessful in defending the claim, there is a possibility that the claim will be settled.		

Paarl Print

Claim for damages	**2,000,000**	**2,000,000**
The Municipality is being sued by the spouse of an emloyee of Paarl Print who was killed during the Paarl Print fire (refer above). Council is waiting for legal advice. A court date has not yet been set. Should Council be unsuccessful in defending the claim, there is a possibility that the claim will be settled.		

Fire Fighting Services

Claim for services rendered	**1,287,012**	**1,287,012**
Fire Fighting charges incurred by Cape Winelands District Municipality, on behalf of Drakenstein Municipality.		

Fire Paarl Mountain

	2,248,954	**2,248,954**
Claims for damages		
The Municipality is being sued by JA Clift (Pty) Ltd for losses suffered by fire. It is alleged by the Plaintiff that on 4 March 2009 a veld fire started on Erf 1, Paarl where after it spread to the property of the plaintiff on 06 March 2009. As a result of fire the plaintiff sustained extensive damage to olive trees and vineyards as a further result of which the plaintiff suffered damages as claimed in the summons and particulars of the claim. The municipality awaits feedback from its Insurers regarding this matter. A court date has not yet been set. Should Council be unsuccessful in defending the claim, there is a possibility that the claim will be settled.		
	170,000	**289,350**
The Municipality is being sued by WC Arnold & 2 others for losses suffered by fire. The Matter has been setled at an amount of R 170 000.		

Claims for personal injury

The Municipality is being sued by Ernest Hagen, for personal injuries sufferred when a Bambi bucket of water (3000 liters) was released onto his person during the waterbombing of a veld fire. The legal representative is of the opinion the Municipality is non-suited in the action as the aerial firefighting support was engaged and controlled by the Cape Winelands District Municipality.

	3,417,916	**3,417,916**

SARS Dispute - June 2009

In the prior years a contingent liability existed following a dispute over an amount of R493,822.24 due to SARS exists for the assessment period June 2009. SARS conducted a VAT audit for the period June 2009 during the 2011/12 year. SARS indicated that an amount of R1,145,000 will be held back, due to incorrect claims. The Municipality has indicated its intent to declare a dispute on certain interpretations applied and the apportionment methodology used by SARS in determining the amount held back. Consequently an amount of R1,145,000 is considered to be a contingent asset, as there is currently uncertainty whether the Municipality will be able to recover the abovementioned amount claimed from SARS.

During 2013/14 the dispute was finalised with SARS, subsequently at 30 June 2014 no contingent liability exists.	**493,822**	**493,822**

Dispute on the implementation of the scarce skills policy	**0**	**0**
The labour union IMATU declared an unfair labour practice dispute regarding the provision of benefits against the Municipality on behalf of three of its members after the previous Council during 2010 decided not to implement the Scarce Skills Policy. The applicants claimed that the employer did not pay them scarce skills and car allowances to which they said they had become entitled. The case went to arbitration and the commissioner ruled that the Municipality is ordered to implement the Scarce Skills Policy with effect from 1 September 2010, backdated to 1 November 2008. The matter was taken on review to the Labour Court. The Labour Court judge made the order that the arbitration award made is reviewed and set aside.		
Following the Labour Court's ruling, the applicant IMATU applied for leave to appeal. On 24 January 2014 the Labour court granted leave to appeal. IMATU subsequently filed an appeal at the Labour Appeal Court. The municipality is awaiting the outcome of matter in the Labour Appeal Court. No reliable estimate can be made on the amount of the backpay if the Labour Appeal Court rules in favour of the claimants. No amount stated.		

De Poort Heritage Village Legal Fees dispute

During the year a legal matter was settled between the Municipality and the De Poort Heritage Village. In the judgement of the case the presiding Judge Saldanha stated that the legal costs of De Poort was for the account of the Municipality. As the judgement was unclear over whether the order of costs included both De Poort's councils the Municipality is currently in dispute over it. The maximum costs is estimated to be in the region of R 300 000.	**300,000**	**300,000**

Automa Building Products (Pty) Ltd

A claim of R66 509 with interest of 15.5% per annum was instituted against the Municipality for services rendered. The current status is that the possibility of settlement is being discussed.		
	66,509	**0**

Malusi Plumbing CC / B Van Schalkwyk t/a Extreme Contruction

A claim of R14 763 with interest of 15.5% per annum was instituted against the Municipality for services rendered. The matter is still pending		
	14,763	**14,763**

Road Accident Fund claim

The plaintiff, G M Ward is claiming damages of approximitely R 7 000 000 against the Municipality and the Road Accident Fund. The legal counsel has advised the Municipality (Insurer) to hold a reserve of R 5 000 000 together with the costs of the plaintiff.		
	5,000,000	**5,000,000**

Inurance claims

Unlawfull arrest

The Municipality & Minister of Safety & Security is being sued by the plaintiff, F September for an unlawfull arrest. The matter has been dormant since December 2012 and it is the legal council's opinion the it is doubtfull that the matter will be proceded with.		
	80,000	**80,000**

Personal injury

The plaintiff, M P Wessels is claiming from the Municipality for personal injury due to the plaintiff's motorcycle hitting a pothole. The municipality's exposure is limited to their excess.		
	2,231,194	**0**

Personal injury

The plaintiff, K G & C G de Jager is claiming from the Municipality for personal injury due to the plaintiff's motorcycle hitting a pothole. The municipality's exposure is limited to their excess.		
	273,352	**0**

Damages to vehicle

The plaintiff, Umzamo Civils CC is claiminig M P Wessels is claiming from the Municipality for damages to a vehicle after a motor vehicle accident. The municipality's exposure is limited to their excess.		
	49,506	**0**

49 BIOLOGICAL ASSETS

The Municipality has various species of Proteacea growing on the Paarlberg (Erf 1 Paarl), a National heritage site. Due to the fact that the plants are growing in a nature reserve it is protected by the Nature Conservation Act 19 of 1974 a special permit must be obtained to harvest any seeds produced by these plants. These plant grow wild and is exposed to natural conditions such as fire, furthermore there is no input cost by the municipality in order to enhance the growth of these plants or to control it as what would normally be seen in an agricultural activity. These plants produce seedlings on a yearly basis that can result in plants but the municipality cannot determine the quantity of plants as theses plants are all in different stages of growth. For the reasons above these plants are not recognised and accounted for in terms of GRAP 27, Agriculture.

50 *REPORTING OF PERFORMANCE AGAINST THE BUDGET*

The budget has been prepared on the accrual basis of accounting in accordance with the prescripts of the Municipal Budget regulations as well as MFMA Budget circulars. In accordance with the Muncipal Budget regulations, the classification basis the municipality presents its budget is per economic as well as per functional classification (per Vote (Department) and GFS classification). It should be noted that minor budget differences between the basis the budget is prepared (accrual basis and prescripts of NT guidance) and actual financial results (accrual basis in accordance with GRAP) exists, mainly related to technical GRAP adjustments required. These differences are not material and as the basis of preparation is the same (accrual basis) no restatements have been made to the financial information compared to the budgeted amounts, but where found to be material it is explained in the explanations below:

The reasons for changes between the approved (Adjustment Budget) and final figures are related to virements within Votes and explained as follows:

Statement of Financial Performance

Property Rates - Penalties imposed and collection charges	Increase in penalties due to more penalties raised due to late payments of debtor accounts
Fines	Due to the issueing of more fines and the payment of fines that increased.
Other Receipts	More income received due to depreciation written back
Impairment Losses	Due to no budget to capaire the expenses to
Grants and Subsidies Paid	Under payment due to service level agreements not in place.

Capital Expenditure per function

Executive and Council	Due to general equipment not purchased
Budget and Treasury Office	Due to general equipment not purchased
Sport and Recreation	Due to general equipment not purchased
Public Safety	Due to general equipment not purchased
Housing	Due to general equipment not purchased
Health	Due to general equipment not purchased
Waste Management	

51 *REPORTING AGAINST THE FRAMEWORK FOR SCHEDULE 4 DORA ALLOCATIONS*

Submit project registrations and detail project implementation plans before the prescribed due dates.
Department of provincial and Local Government is monitoring the overall programme implementation.

52 REGISTERED MIG PROGRAMMES FOR THE 2013/2014 FINANCIAL YEAR

	Received	Expenditure	Closing Balance
Wall at Weltevrede sports grounds	4,641,103	4,641,103	0
Lady Loch Bridge	379,788	379,787	0
Nuwedrift school (New street lighting)	456,000	455,999	1
Pentz Street pump satation (New rising main)	2,520,415	2,520,415	0
Newton reservoir (11 ml)	14,976,614	14,976,614	0
Waste water treatment upgrade (Meulwater)	100,000	100,000	0
Wellington waste water treatment (rehabilitation and upgrade)	1,901,696	1,901,696	0
Bulk sewer upgrade (Paarl south)	6,014,136	6,014,135	1
Water pipeline (Drakenstein rural area)	650,000	649,999	0
Pmu	1,665,250	1,665,250	0
	33,305,000	**33,304,998**	**3**

53 STATEMENT OF FINANCIAL PERFORMANCE SURPLUS / (DEFICIT)

Total Revenue	1,434,553,361	1,351,587,956
Total Expenditure	1,433,812,941	1,343,464,799
	740,420	**8,123,157**
	7,042,246	**87,532,741**
Min : Revenue from Capital grants	(97,447,304)	(56,630,809)
Plus: Provision for Bad debts	49,641,391	48,121,218
Plus: Depreciation	153,110,729	153,284,860
Min : Redemption	(98,262,569)	(57,242,528)
Revised Surplus / (Deficit) for the year	**7,782,667**	**95,807,206**

54 UTILISATION OF CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents	178,786,182	135,846,333
	109,789,302	**101,519,817**
Capital Replacement Reserve	20,093,486	20,093,486
Self Insurance Reserve	1,961,658	1,745,224
Unspent Conditional Grants	38,677,632	24,935,006
External Loans not spent	49,056,526	54,746,102
Cash available for activities	**68,996,881**	**34,326,515**

APPENDIX A
DRAKENSTEIN MUNICIPALITY : SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014

EXTERNAL LOANS	Interest Rate	Loan Number	Redeemable Date	Balance at 1 July 2013	Received during the period	Capitalised during the period	Redeemed/ written off during the period	Balance at 30 June 2014
				R	R	R	R	R
ANNUITY AND OTHER LOANS								
DBSA	10.80%	100618/4	2014	3,313,112	0	0	3,313,126	(14)
DBSA	11.48%	103485/4	2018	35,877,734	0	0	4,444,928	31,432,806
DBSA	6.75%	103485/5	2018	8,283,530	0	0	1,159,493	7,124,037
DBSA				0	90,263,158	0	0	90,263,158
ABSA BANK	9.21%			17,000,000	0	0	1,824,727	15,175,273
ABSA BANK				0	12,462,201	0	0	12,462,201
ABSA BANK				0	17,202,425	0	0	17,202,425
NEDBANK	12.65%	49793540000	2018	63,729,313	0	0	9,827,102	53,902,211
NEDBANK	10.22%	1957327022	2015	3,038,176	0	0	1,443,968	1,594,208
NEDBANK	10.64%	7831030646	2021	64,094,248	0	0	5,420,080	58,674,167
NEDBANK	7.75%	05/7831030646/5	2015	10,277,136	0	0	4,944,394	5,332,742
NEDBANK	8.18%	05/7831030646/6	2017	30,956,542	0	0	6,840,624	24,115,918
NEDBANK	8.63%	05/7831030646/3	2019	23,540,980	0	0	3,149,435	20,391,545
NEDBANK	9.14%	05/7831030646/4	2022	115,822,802	0	0	8,797,161	107,025,641
NEDBANK	7.75%			73,085,000	0	0	22,790,000	50,295,000
NEDBANK	8.79%			38,900,000	0	0	6,687,865	32,212,135
STANDARD BANK	10.25%	72154314	2017	19,550,991	0	0	4,181,368	15,369,623
STANDARD BANK	10.40%	72154411	2020	38,824,464	0	0	4,010,049	34,814,414
STANDARD BANK	10.08%			58,000,000	0	0	3,554,876	54,445,124
INCA	9.30%	Loan A	2016	11,706,118	0	0	3,551,554	8,154,564
INCA	10.03%	Loan B	2018	14,237,044	0	0	2,321,818	11,915,226
TOTAL EXTERNAL LOANS				**630,237,188**	**119,927,784**	**0**	**98,262,569**	**651,902,403**

APPENDIX B

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014

	Cost									Accumulated Depreciation									
	Opening Balance R	Restate Adjustments R	Restated Opening Balance R	L&B Taken on R	Transfers/ Adjustments R	Work in Progress R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Restate Adjustments R	Restated Opening Balance R	Differences in Transactions R	Transfers/ Adjustments R	Depreciation and impairments R	Disposals R	Closing Balance R	Carrying Value R
Land and Buildings																		
Land	926,116,559	(67,786,005)	858,330,554	0	0	0	0	(102,500)	858,228,054	0	0	0	0	0	0	0	0	858,228,054
Buildings	153,631,313	(3,666,006)	149,965,307	0	0	0	9,210,087	(300)	159,175,094	(20,061,764)	482,320	(19,579,444)	0	0	(6,074,274)	0	(25,653,718)	133,521,376
	1,079,747,873	**(71,452,011)**	**1,008,295,862**	**0**	**0**	**0**	**9,210,087**	**(102,800)**	**1,017,403,149**	**(20,061,764)**	**482,320**	**(19,579,444)**	**0**	**0**	**(6,074,274)**	**0**	**(25,653,718)**	**991,749,431**
Infrastructure																		
Drains	130,986,167	0	130,986,167	0	0	799,497	2,567,671	0	134,353,335	(81,938,841)	0	(81,938,841)	0	0	(2,620,173)	0	(84,559,014)	49,794,321
Roads	1,050,743,610	0	1,050,743,610	0	0	10,918,833	12,670,282	(1,377,322)	1,072,955,404	(508,099,642)	0	(508,099,642)	0	0	(31,228,930)	1,377,322	(537,951,250)	535,004,153
Electricity Mains	1,571,167,913	0	1,571,167,913	0	0	0	25,139,683	0	1,596,307,596	(837,122,226)	0	(837,122,226)	0	0	(33,560,880)	0	(870,683,106)	725,624,490
Electricity Peak Load Equipment	167,394,496	0	167,394,496	0	0	0	0	0	167,394,496	(70,992,509)	0	(70,992,509)	0	0	(3,916,555)	0	(74,909,064)	92,485,432
Water Mains & Purification	212,082,320	0	212,082,320	0	31,775	0	0	0	212,114,096	(136,025,850)	0	(136,025,850)	0	(7,627)	(4,838,483)	0	(140,871,961)	71,242,135
Reservoirs - Water	296,949,879	0	296,949,879	0	0	0	0	0	296,949,879	(112,427,142)	0	(112,427,142)	0	0	(6,476,530)	0	(118,903,672)	178,046,207
Water Meters	38,742,881	0	38,742,881	0	0	0	0	0	38,742,881	(25,021,657)	0	(25,021,657)	0	0	(806,556)	0	(25,828,213)	12,914,667
Water Mains	275,387,854	0	275,387,854	0	(31,775)	23,736,466	14,098,635	(2,109,721)	311,081,458	(104,138,532)	0	(104,138,532)	0	7,627	(5,789,890)	2,109,721	(107,811,073)	203,270,385
Sewerage Mains & Purification	947,294,373	(25,883,631)	921,410,742	0	0	89,358,945	11,575,149	(145,677)	1,022,199,158	(329,800,692)	3,451,151	(326,349,541)	0	0	(14,511,371)	145,677	(340,715,234)	681,483,924
	4,690,749,492	**(25,883,631)**	**4,664,865,861**	**0**	**0**	**124,813,741**	**66,051,420**	**(3,632,720)**	**4,852,098,302**	**(2,205,567,091)**	**3,451,151**	**(2,202,115,940)**	**0**	**0**	**(103,749,368)**	**3,632,721**	**(2,302,232,588)**	**2,549,865,714**
Community Assets																		
Parks & Gardens	19,403,847	0	19,403,847	0	0	0	7,618,044	0	27,021,891	(5,362,944)	0	(5,362,944)	0	0	(984,458)	0	(6,347,402)	20,674,488
Libraries	13,348,210	0	13,348,210	0	0	0	895,629	0	14,243,839	(2,697,826)	0	(2,697,826)	0	0	(819,168)	0	(3,516,994)	10,726,845
Recreation Grounds	35,349,151	0	35,349,151	0	0	0	3,505,255	0	38,854,406	(8,542,222)	0	(8,542,222)	0	0	(2,207,585)	0	(10,749,807)	28,104,599
Civic Buildings	109,016,153	(156,808)	108,859,345	0	0	0	167,076	0	109,026,421	(14,055,794)	12,991	(14,042,803)	0	0	(5,189,467)	0	(19,232,270)	89,794,151
	177,117,360	**(156,808)**	**176,960,552**	**0**	**0**	**0**	**12,186,005**	**0**	**189,146,556**	**(30,658,787)**	**12,991**	**(30,645,796)**	**0**	**0**	**(9,200,677)**	**0**	**(39,846,472)**	**149,300,084**
Housing Rental Stock																		
Housing Rental 1	250,109,057	(14,338,452)	235,770,605	0			0	0	235,770,605	(19,882,310)	1,353,814	(18,528,496)	0	0	(8,324,617)	0	(26,853,113)	208,917,492
	250,109,057	**(14,338,452)**	**235,770,605**	**0**	**0**	**0**	**0**	**0**	**235,770,605**	**(19,882,310)**	**1,353,814**	**(18,528,496)**	**0**	**0**	**(8,324,617)**	**0**	**(26,853,113)**	**208,917,492**
LEASED ASSETS																		
Office Equipment	853,833	(853,833)	0	0	0	0	0	0	0	(711,116)	711,116	0	0	0	0	0	0	0
	853,833	**(853,833)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(711,116)**	**711,116**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Other Assets																		
Landfill Sites	104,630,488	39,841,584	144,472,072	0	0	0	0	0	144,472,072	(59,509,577)	(32,328,005)	(91,837,582)	0	0	(3,887,013)	0	(95,724,595)	48,747,477
Office Equipment	46,092,699	819,476	46,912,175	0	0	0	492,123	0	47,404,298	(30,628,322)	(680,555)	(31,308,877)	0	0	(6,041,919)	0	(37,350,796)	10,053,503
Furniture & Fittings	11,521,008	4,023	11,525,031	0	0	0	718,270	0	12,243,301	(7,579,386)	0	(7,579,386)	0	0	(1,255,969)	0	(8,835,355)	3,407,946
Bins & Containers	4,169,026	0	4,169,026	0	0	0	0	0	4,169,026	(3,356,933)	0	(3,356,933)	0	0	(399,727)	0	(3,756,660)	412,366
Emergency Equipment	18,972,332	(2,540)	18,969,792	0	0	0	2,572,534	0	21,542,325	(10,306,335)	2,178	(10,304,157)	0	0	(2,779,972)	0	(13,084,129)	8,458,196
Motor Vehicles	99,985,312	0	99,985,312	0	0	0	7,747,369	0	107,732,681	(38,874,195)	0	(38,874,195)	0	0	(5,842,748)	0	(44,716,943)	63,015,738
Fire Engines	5,840,275	0	5,840,275	0	0	0	0	0	5,840,275	(2,235,166)	0	(2,235,166)	0	0	(153,169)	0	(2,388,335)	3,451,940
Refuse Tankers	2,569,346	0	2,569,346	0	0	0	1,439,585	0	4,008,932	(774,047)	0	(774,047)	0	0	(279,143)	0	(1,053,189)	2,955,743
Computer Equipment	16,972,412	0	16,972,412	0	0	0	5,595,513	0	22,567,925	(8,217,000)	0	(8,217,000)	0	0	(2,701,409)	0	(10,918,409)	11,649,516
	310,752,898	**40,662,543**	**351,415,441**	**0**	**0**	**0**	**18,565,395**	**0**	**369,980,836**	**(161,480,961)**	**(33,006,382)**	**(194,487,343)**	**0**	**0**	**(23,341,068)**	**0**	**(217,828,411)**	**152,152,425**
CAPITAL SPARES																		
Capital Spares		9,985,048	9,985,048	0	0	0	3,691,328	0	13,676,376	0	0	0	0	0	0	0	0	13,676,376
	0	**9,985,048**	**9,985,048**	**0**	**0**	**0**	**3,691,328**	**0**	**13,676,376**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**13,676,376**
Total	**6,509,330,513**	**(62,037,144)**	**6,447,293,369**	**0**	**0**	**124,813,741**	**109,704,234**	**(3,735,520)**	**6,678,075,824**	**(2,438,362,029)**	**(26,994,990)**	**(2,465,357,019)**	**0**	**0**	**(150,690,004)**	**3,632,721**	**(2,612,414,303)**	**4,065,661,521**

APPENDIX B
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014

	Cost									Accumulated Depreciation									
	Opening Balance R	Restate Adjustments R	Restated Opening Balance R	L&B Taken on R	Transfers/ Adjustments R	Work in Progress R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Restate Adjustments R	Restated Opening Balance R	Differences in Transactions R	Transfers/ Adjustments R	Depreciation and impairments R	Disposals R	Closing Balance R	Carrying Value R

APPENDIX B
ANALYSIS OF INTANGABLES AS AT 30 JUNE 2013

	Cost									Accumulated Amortisation								
	Opening Balance R	Revalue Adjustments R	Restated Opening Balance R	L&B Taken on	Transfers/ Adjustments R	Work in Progress R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Revalue Adjustments R	Restated Opening Balance R	Differences in Transactions R	Transfers/ Adjustments R	Additions R	Disposals R	Closing Balance R	Carrying Value R
Intangible assets	11,568,572	0	0	0	0	0	4,387,399	0	15,955,971	(5,280,342)	0	(5,280,342)	0	0	(2,594,857)	0	(7,875,199)	8,080,772.21
Total	**11,568,572**	**0**	**0**	**0**	**0**	**0**	**4,387,399**	**0**	**15,955,971**	**(5,280,342)**	**0**	**(5,280,342)**	**0**	**0**	**(2,594,857)**	**0**	**(7,875,199)**	**8,080,772**

APPENDIX B
ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2013

	Cost									Accumulated Depreciation								
	Opening Balance R	Restate Adjustments R	Restated Opening Balance R	Fair Value Adjustments	Transfers/ Adjustments	Work in Progress R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Revalue Adjustments R	Restated Opening Balance R	Differences in Transactions R	Transfers/ Adjustments R	Additions R	Disposals R	Closing Balance R	Carrying Value R
Investment Properties	40,450,000	45,613,700	86,063,700	6,993,300	0	0	0	0	93,057,000	0	0	0	0	0	0	0	0	93,057,000
Total	**40,450,000**	**45,613,700**	**86,063,700**	**6,993,300**	**0**	**0**	**0**	**0**	**93,057,000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**93,057,000**

APPENDIX B
ANALYSIS OF HERITAGE ASSETS AS AT 30 JUNE 2013

	Cost									Accumulated Depreciation								
	Opening Balance R	Restate Adjustments R	Restated Opening Balance R	L&B Taken on	Transfers/ Adjustments R	Work in Progress R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Restate Adjustments R	Restated Opening Balance R	Differences in Transactions R	Transfers/ Adjustments R	Additions R	Disposals R	Closing Balance R	Carrying Value R
Heritage Assets																		
Historical and natural significant land and buildings	1,080,913	32,760,686	33,841,599	300		0	0	0	33,841,899	0	0	0		0	0	0	0	33,841,899
Paintings and other	25,139	36,898	62,037	0		0	0	0	62,037	0	0	0		0	0	0	0	62,037
	1,106,052	**32,797,584**	**33,903,636**	**300**	**0**	**0**	**0**	**0**	**33,903,936**	**0**	**0**	**0**		**0**	**0**	**0**	**0**	**33,903,936**
Total	**1,106,052**	**32,797,584**	**33,903,636**	**300**	**0**	**0**	**0**	**0**	**33,903,936**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**33,903,936**

APPENDIX B

ANALYSIS OF ASSETS HELD FOR RESALE AS AT 30 JUNE 2013

	Opening Balance R	Revalue Adjustments R	Restated Opening Balance R	L&B Taken on	Transfers/ Adjustments R	Work in Progress	Additions R	Disposals R	Closing Balance R	Opening Balance R	Revalue Adjustments R	Restated Opening Balance R	Differences in Transactions R	Adjustment	Additions R	Disposals R	Closing Balance R	Carrying Value R
Civic Buildings	13,229	0	0	0	0	0	0	0	13,229	(11,906)	0	0	0	0	0	0	(11,906)	1,323
Land	458,182	0	0	0	0	0	0	0	458,182	0	0	0	0	0	0	0	0	458,182
Buildings	1,221,818	0	0	0	0	0	0	0	1,221,818	(70,583)	0	0	0	0	0	0	(70,583)	1,151,236
Computer Equipment	43,861	0	0	0	0	0	0	0	43,861	(34,468)	0	0	0	0	0	0	(34,468)	9,393
Emergency Equipment	916,033	0	0	0	0	0	0	0	916,033	(798,282)	0	0	0	0	0	0	(798,282)	117,751
Office Equipment	1,588,431	0	0	0	0	0	0	0	1,588,431	(1,394,315)	0	0	0	0	0	0	(1,394,315)	194,116
Furniture & Fittings	329,596	0	0	0	0	0	0	0	329,596	(278,575)	0	0	0	0	0	0	(278,575)	51,021
	4,571,151	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**4,571,151**	**(2,588,129)**	**0**	**0**	**0**	**0**	**0**	**0**	**(2,588,129)**	**1,983,022**
Total	**4,571,151**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**4,571,151**	**(2,588,129)**	**0**	**0**	**0**	**0**	**0**	**0**	**(2,588,129)**	**1,983,022**
	6,567,026,287	**16,374,140**	**6,567,260,704**	**6,993,600**	**0**	**124,813,741**	**110,400,305**	**(3,735,520)**	**6,825,563,881**	**(2,446,230,500)**	**(26,994,990)**	**(2,470,637,361)**	**0**	**0**	**(153,284,861)**	**3,632,721**	**(2,622,877,630)**	**4,202,686,251**

APPENDIX B(1)
RECONCILIATION OF CARRYING VALUE OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2013

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Housing R	Other R	Capital Spares Leases R	Total R
Carrying values at 1 July 2012	**988,716,417**	**2,462,749,921**	**146,314,756**	**217,242,109**	**156,928,098**	**9,985,048**	**3,981,936,349**
Cost	1,008,295,862	4,664,865,861	176,960,552	235,770,605	351,415,441	9,985,048	6,447,293,369
Accumulated depreciation	(19,579,444)	(2,202,115,940)	(30,645,796)	(18,528,496)	(194,487,343)	0	(2,465,357,019)
Acquisitions	9,210,087	190,865,161	12,186,005	0	18,565,395	3,691,328	234,517,975
Transfers/Adjustments	0	0	0	0	0	0	0
Depreciation	(6,074,274)	(103,749,368)	(9,200,677)	(8,324,617)	(23,341,068)	0	(150,690,004)
Depreciation Adjustments	0	0	0	0	0	0	0
Carrying value of disposals	**(102,800)**	**0**	**0**	**0**	**0**	**0**	**(102,800)**
Cost	(102,800)	(3,632,720)	0	0	0	0	(3,735,520)
Accumulated depreciation	0	3,632,721	0	0	0	0	3,632,721
Carrying Values at 30 June 2013	**991,749,430**	**2,549,865,714**	**149,300,084**	**208,917,492**	**152,152,425**	**13,676,376**	**4,065,661,521**
Cost	1,017,403,149	4,855,731,022	189,146,556	235,770,605	369,980,836	13,676,376	6,681,708,544
Accumulated depreciation	(25,653,718)	(2,305,865,308)	(39,846,472)	(26,853,113)	(217,828,411)	0	(2,616,047,024)

RECONCILIATION OF CARRYING VALUE OF INTANGIBLES AS AT 30 JUNE 2013

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Housing R	Other R	Intangibles	Total R
Carrying values at 1 July 2012	**0**	**0**	**0**	**0**	**0**	**6,288,230**	**6,288,230**
Cost	0	0	0	0	0	11,568,572	11,568,572
Amortisation	0	0	0	0	0	(5,280,342)	(5,280,342)
Acquisitions	0	0	0	0	0	4,387,399	4,387,399
Depreciation based on cost	0	0	0	0	0	(2,594,857)	(2,594,857)
Carrying Values at 30 June 2013	**0**	**0**	**0**	**0**	**0**	**8,080,772**	**8,080,772**
Cost	0	0	0	0	0	15,955,971	15,955,971
Amortisation	0	0	0	0	0	(7,875,199)	(7,875,199)

APPENDIX B(1)
RECONCILIATION OF CARRYING VALUE OF INVESTMENT PROPERTIES AS AT 30 JUNE 2013

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Housing R	Other R	Investment Property	Total R
Carrying values at 1 July 2012	**0**	**0**	**0**	**0**	**0**	**40,450,000**	**40,450,000**
Fair Value	0	0	0	0	0	6,993,300	6,993,300
Other Movements	0	0	0	0	0	45,613,700	0
Carrying Values at 30 June 2013	**0**	**0**	**0**	**0**	**0**	**93,057,000**	**93,057,000**
Fair Value	0	0	0	0	0	93,057,000	93,057,000

APPENDIX B(1)
RECONCILIATION OF CARRYING VALUE OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2013

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Housing R	Other R	Heritage R	Total R
Carrying values at 1 July 2012	**0**	**0**	**0**	**0**	**0**	**1,106,052**	**1,106,052**
Cost	0	0	0	0	0	1,106,052	1,106,052
Accumulated depreciation	0	0	0	0	0	0	0
Acquisitions	0	0	0	0	235,214,046	0	235,214,046
Transfers/Adjustments	0	0	0	0	0	32,797,884	32,797,884
Depreciation	0	0	0	0	0	0	0
Depreciation Adjustments	0	0	0	0	0	0	0
Carrying value of disposals	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Cost	0	0	0	0	0	0	0
Accumulated depreciation	0	0	0	0	0	0	0
Carrying Values at 30 June 2013	**0**	**0**	**0**	**0**	**235,214,046**	**33,903,936**	**269,117,982**
Cost	0	0	0	0	235,214,046	33,903,936	269,117,982
Accumulated depreciation	0	0	0	0	0	0	0

	991,749,430	**2,549,865,714**	**149,300,084**	**208,917,492**	**387,366,471**	**148,718,084**	**4,435,917,274**

APPENDIX C1

RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE BY STANDARD CLASIFICATION)

	2013/2014										
DESCRIPTION	**ORIGINAL BUDGET**	**BUDGET ADJUSTMENTS** (i.t.o. s28 and s31 of the MFMA)	**FINAL ADJUSTMENTS BUDGET**	**SHIFTING OF FUNDS** (i.t.o. s31 of the MFMA)	**VERIMENT** (i.t.o. Council approved by law)	**FINAL BUDGET**	**ACTUAL OUTCOME**	**UNAUTHORISED EXPENDITURE**	**VARIANCE**	**AUCTUAL OUTCOME AS % OF FINAL BUDGET**	**AUCTUAL OUTCOME AS % OF ORIGINALBUDGET**
	1	2	3	4	5	6	7	8	9	10	11
REVENUE - STANDARD											
GOVERNANCE AND ADMINISTRATION	**227,611,268**	**7,069,616**	**234,680,884**	**0**	**(12,294,260)**	**222,386,624**	**197,732,285**	**0**	**(24,654,339)**	**88.9%**	**86.9%**
Executive and Council	7,536,572	26,943	7,563,515	0	(7,563,515)	0	0	0	0	0.0%	0.0%
Budget and Treasury Office	217,314,009	312,644	217,626,654	0	1,219	217,627,873	194,257,792	0	(23,370,081)	89.3%	89.4%
Corporate Services	2,760,686	6,730,029	9,490,715		(4,731,964)	4,758,751	3,474,493	0	(1,284,258)	73.0%	125.9%
COMMUNITYNAND PUBLIC SAFETY	**134,440,063**	**(23,304,555)**	**111,135,510**	**0**	**(11,712,454)**	**99,423,056**	**76,738,266**	**0**	**(22,684,790)**	**77.2%**	**57.1%**
Community and Social Services	3,720,875	(68,542)	3,652,334	0	(1)	3,652,333	4,006,671	0	354,338	109.7%	107.7%
Sport and Recreation	2,507,247	(104,139)	2,403,108	0	(1)	2,403,107	2,656,633	0	253,526	110.5%	106.0%
Public Saftey	17,078,533	(706,129)	16,372,405	0	(16,372,405)	0	0	0	0	0.0%	0.0%
Housing	111,132,247	(22,425,745)	88,706,502	0	4,650,745	93,357,247	70,050,337	0	(23,306,910)	75.0%	63.0%
Health	1,161	0	1,161	0	9,208	10,369	24,625	0	14,256	237.5%	2121.0%
ECONOMIC AND ENVIROMENTAL SERVICES	**19,845,973**	**(4,829,320)**	**15,016,652**	**0**	**(5,325,461)**	**9,691,191**	**9,730,868**	**0**	**39,677**	**100.4%**	**49.0%**
Planning and Economic Development	4,439,287	886,175	5,325,462		(5,325,462)	0	0	0	0	0.0%	0.0%
Road Transport	15,406,685	(5,715,495)	9,691,190		1	9,691,191	9,730,868	0	39,677	100.4%	63.2%
Enviromental Protection	0	0	0	0	0	0	0	0	0	0.0%	0.0%
TRADING SERVICES	**1,066,674,288**	**76,434,006**	**1,143,108,293**	**0**	**(788,393,857)**	**354,714,436**	**362,498,510**	**0**	**7,784,074**	**102.2%**	**34.0%**
Electricity	750,030,137	38,363,722	788,393,859	0	(788,393,859)	0	0	0	0	#DIV/0!	0.0%
Water	138,455,006	2,426,888	140,881,894	0	(0)	140,881,894	142,609,250	0	1,727,356	101.2%	103.0%
Waste Water Management	98,032,573	35,140,230	133,172,803	0	1	133,172,804	132,431,107	0	(741,697)	99.4%	135.1%
Waste Management	80,156,571	503,166	80,659,737	0	1	80,659,738	87,458,153	0	6,798,415	108.4%	109.1%
Other	0	0	0	0	0	0	0	0	0	0.0%	0.0%
TOTAL REVENUE - STANDARD	**1,448,571,592**	**55,369,747**	**1,503,941,338**	**0**	**(817,726,031)**	**686,215,307**	**646,699,929**	**0**	**(39,515,378)**	**94.2%**	**44.6%**
EXPENDITURE - STANDARD											
GOVERNANCE AND ADMINISTRATION	**187,021,828**	**42,760,316**	**231,527,331**	**0**	**(64,395,621)**	**167,131,710**	**159,915,959**	**0**	**7,215,751**	**95.7%**	**85.5%**
Executive and Council	33,107,950	11,577,741	44,685,692	0	(44,685,692)	0	0	0	0	0.0%	0.0%
Budget and Treasury Office	29,215,348	11,119,640	40,334,988	0	311,591	40,646,579	35,567,600	0	5,078,979	87.5%	121.7%
Corporate Services	126,443,717	20,062,935	146,506,652	0	(20,021,521)	126,485,131	124,348,359	0	2,136,772	98.3%	98.3%
COMMUNITYNAND PUBLIC SAFETY	**271,181,271**	**(9,892,331)**	**261,043,754**	**0**	**(41,581,405)**	**219,462,349**	**187,913,667**	**0**	**31,548,682**	**85.6%**	**69.3%**
Community and Social Services	21,100,961	(208,760)	20,892,201	0	437,456	21,329,657	21,190,333	0	139,324	99.3%	100.4%
Sport and Recreation	52,521,929	(1,939,719)	50,582,211	0	522,446	51,104,657	50,529,983	0	574,674	98.9%	96.2%
Public Saftey	44,711,816	(1,203,359)	43,508,457	0	(43,508,457)	0	0	0	0	0.0%	0.0%
Housing	146,489,557	(5,781,443)	140,708,114	0	914,247	141,622,361	110,813,571	0	30,808,790	78.2%	75.6%
Health	6,111,821	(759,050)	5,352,772	0	52,902	5,405,674	5,379,780	**0**	25,894	99.5%	88.0%
ECONOMIC AND ENVIROMENTAL SERVICES	**114,676,739**	**2,014,276**	**115,191,015**	**0**	**(31,074,764)**	**84,116,251**	**81,931,574**	**0**	**2,184,677**	**97.4%**	**71.4%**
Planning and Economic Development	27,550,445	1,300,830	28,851,275	0	(28,851,275)	0	0	0	0	0.0%	0.0%
Road Transport	85,626,294	713,446	86,339,740	0	(2,223,489)	84,116,251	81,931,574	0	2,184,677	97.4%	95.7%
Enviromental Protection	0	0	0	0	0	0	0	0	0	0.0%	0.0%

APPENDIX C1

RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE BY STANDARD CLASIFICATION)

	2013/2014										
DESCRIPTION	**ORIGINAL BUDGET**	**BUDGET ADJUSTMENTS** (i.t.o. s28 and s31 of the MFMA)	**FINAL ADJUSTMENTS BUDGET**	**SHIFTING OF FUNDS** (i.t.o. s31 of the MFMA)	**VERIMENT** (i.t.o. Council approved by law)	**FINAL BUDGET**	**ACTUAL OUTCOME**	**UNAUTHORISED EXPENDITURE**	**VARIANCE**	**AUCTUAL OUTCOME AS % OF FINAL BUDGET**	**AUCTUAL OUTCOME AS % OF ORIGINALBUDGET**
	1	2	3	4	5	6	7	8	9	10	11
TRADING SERVICES	**878,515,998**	**2,461,990**	**880,977,987**	**0**	**(621,871,434)**	**259,106,553**	**253,946,235**	**0**	**5,160,318**	**98.0%**	**28.9%**
Electricity	637,927,063	(7,428,961)	630,498,102	0	(630,498,102)	0	0	0	0	0.0%	0.0%
Water	91,608,100	809,009	92,417,109	0	1,411,830	93,828,939	91,778,706	0	2,050,233	97.8%	100.2%
Waste Water Management	80,768,722	4,808,288	85,577,009	0	1,297,831	86,874,840	85,014,953	0	1,859,887	97.9%	105.3%
Waste Management	68,212,113	4,273,654	72,485,767	0	5,917,007	78,402,774	77,152,576	0	1,250,198	98.4%	113.1%
Other	0	0	0								
TOTAL - EXPENDITURE - STANDARD	**1,451,395,836**	**37,344,251**	**1,488,740,087**	**0**	**(758,923,224)**	**729,816,863**	**683,707,435**	**0**	**46,109,428**	**93.7%**	**47.1%**
SURPLUS/(DEFECIT) FOR THE YEAR	**(2,824,244)**	**18,025,496**	**15,201,252**	**0**	**(58,802,808)**	**(43,601,556)**	**(37,007,506)**		**(6,594,050)**	**84.9%**	**1310.4%**

APPENDIX C2

RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE BY MUNICIPAL VOTE)

DESCRIPTION	2013/2014										
	ORIGINAL BUDGET	BUDGET ADJUSTMENTS (i.t.o. s28 and s31 of the MFMA)	FINAL ADJUSTMENTS BUDGET	SHIFTING OF FUNDS (i.t.o. s31 of the MFMA)	VERIMENT (i.t.o. Council approved by law)	FINAL BUDGET	ACTUAL OUTCOME	UNAUTHORISED EXPENDITURE	VARIANCE	AUCTUAL OUTCOME AS % OF FINAL BUDGET	AUCTUAL OUTCOME AS % OF ORIGINALBUDGET
	1	2	3	4	5	6	7	8	9	10	11
Revenue by Vote											
Office of the Municipal Manager	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Corporate Services	10,271,458	360,976	10,632,434	0	-1,218	10,631,216	13,968,138	0	(3,336,922)	131.4%	136.0%
Community Services	214,595,474	(22,890,596)	191,704,878	0	4,730,743	196,435,621	183,956,644	0	12,478,977	93.6%	85.7%
Financial Services	217,314,009	312,644	217,626,654	0	1,219	217,627,873	194,258,346	0	23,369,527	89.3%	89.4%
Planning and Economic Development	4,440,448	975,383	5,415,831	0	0	5,415,831	6,455,990	0	(1,040,159)	119.2%	145.4%
Infrastructure Services	1,001,950,201	76,611,340	1,078,561,542	0	-4,730,744	1,073,830,798	1,035,914,244	0	37,916,554	96.5%	103.4%
Total Revenue by Vote	**1,448,571,592**	**55,369,747**	**1,503,941,338**	**0**	**1**	**1,503,941,339**	**1,434,553,361**	**0**	**69,387,978**	**95.4%**	**99.0%**
Expenditure by Vote *to be appropriated*											
Office of the Municipal Manager	4,322,985	963,333	5,286,319	0	-2,815,301	2,471,018	2,216,962	0	254,056	89.7%	51.3%
Corporate Services	72,262,883	11,318,323	83,581,207	0	15,786,547	99,367,754	96,087,949	0	3,279,805	96.7%	133.0%
Community Services	347,397,397	(6,601,522)	340,795,875	0	5,844,391	346,640,266	313,403,195	0	33,237,071	90.4%	90.2%
Financial Services	30,423,728	10,396,073	40,819,801	0	195,091	41,014,892	35,919,759	0	5,095,133	87.6%	118.1%
Planning and Economic Development	28,568,114	2,270,050	30,838,164	0	-3,671,970	27,166,194	25,093,692	0	2,072,502	92.4%	87.8%
Infrastructure Services	968,420,728	18,997,994	987,418,721	0	-15,338,758	972,079,963	961,091,384		10,988,579	98.9%	99.2%
Total Expenditure by Vote	**1,451,395,836**	**37,344,251**	**1,488,740,087**	**0**	**0**	**1,488,740,087**	**1,433,812,941**	**0**	**54,927,146**	**96.3%**	**98.8%**
Surplus/(Deficit) for the year	**(2,824,244)**	**18,025,496**	**15,201,252**	**0**	**0**	**15,201,252**	**740,420**	**0**	**14,460,832**	**4.9%**	**-26.2%**

APPENDIX C3

RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE)

	2013/2014										
DESCRIPTION	**ORIGINAL BUDGET**	**BUDGET ADJUSTMENTS** (i.t.o. s28 and s31 of the MFMA)	**FINAL ADJUSTMENTS BUDGET**	**SHIFTING OF FUNDS** (i.t.o. s31 of the MFMA)	**VERIMENT** (i.t.o. Council approved by law)	**FINAL BUDGET**	**ACTUAL OUTCOME**	**UNAUTHORISED EXPENDITURE**	**VARIANCE**	**AUCTUAL OUTCOME AS % OF FINAL BUDGET**	**AUCTUAL OUTCOME AS % OF ORIGINALBUDGET**
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
Revenue By Source											
Property rates	190,484,413	(382,746)	190,101,667	0	1	190,101,668	173,405,906	0	16,695,762	91.2%	91.0%
Property rates - penalties & collection charges	799,200	400,800	1,200,000	0	0	1,200,000	1,580,988	0	(380,988)	131.7%	197.8%
Service charges - electricity revenue	712,066,554	38,133,422	750,199,976	0	(1)	750,199,975	710,340,905	0	39,859,070	94.7%	99.8%
Service charges - water revenue	118,030,280	2,072,683	120,102,963	0	3	120,102,966	119,990,482	0	112,484	99.9%	101.7%
Service charges - sanitation revenue	47,273,357	648,269	47,921,626	0	(27,943)	47,893,683	51,338,038	0	(3,444,355)	107.2%	108.6%
Service charges - refuse revenue	63,427,363	(146,522)	63,280,841	0	(29)	63,280,812	62,972,027	0	308,785	99.5%	99.3%
Service charges - other	0	0	0	0	27,945	27,945	27,012	0	933	0.0%	0.0%
Rental of facilities and equipment	19,851,741	384,207	20,235,949	0	2	20,235,951	20,684,982	0	(449,031)	102.2%	104.2%
Interest earned - external investments	6,000,000	0	6,000,000	0	0	6,000,000	9,855,572	0	(3,855,572)	164.3%	164.3%
Interest earned - outstanding debtors	6,021,326	2,914,274	8,935,600	0	0	8,935,600	12,301,251	0	(3,365,651)	137.7%	204.3%
Dividends received	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Fines	4,959,022	(140,227)	4,818,795	0	(0)	4,818,795	6,732,632	0	(1,913,837)	139.7%	135.8%
Licences and permits	12,111,004	(529,522)	11,581,482	0	3	11,581,485	13,093,686	0	(1,512,201)	113.1%	108.1%
Agency services	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Transfers recognised - operational	178,982,000	(20,401,495)	158,580,505	0	1,090,411	159,670,916	128,615,756	0	31,055,160	80.6%	71.9%
Other revenue	21,466,333	727,887	22,194,219	0	20	22,194,239	26,166,818	0	(3,972,579)	117.9%	121.9%
Inventory Surplusses	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Gains on disposal of PPE	250,000	0	250,000	0	0	250,000	0	0	250,000	0.0%	0.0%
Gains from assets from non exchange transactions	0	0	0	0	0	0	0	0	0		
Total Revenue (excluding capital transfers and contributions)	**1,381,722,592**	**23,681,031**	**1,405,403,623**	**0**	**1,090,412**	**1,406,494,035**	**1,337,106,057**	**0**	**69,387,978**	**95.1%**	**96.8%**
Expenditure By Type											
Employee related costs	386,311,371	4,479,889	390,791,260	0	(23,942,303)	366,848,957	364,393,268	0	2,455,689	99.3%	94.3%
Remuneration of councillors	18,849,886	262,310	19,112,196	0	(2)	19,112,194	18,745,472	0	366,722	98.1%	99.4%
Debt impairment	26,944,754	5,000,000	31,944,754	0	17,668,100	49,612,854	49,641,391	0	(28,537)	100.1%	184.2%
Depreciation & asset impairment	144,546,882	13,103,552	157,650,434	0	1	157,650,435	153,110,729	0	4,539,706	97.1%	105.9%
Finance charges	63,063,458	0	63,063,458	0	0	63,063,458	58,975,521	0	4,087,937	93.5%	93.5%
Bulk purchases	509,114,333	(11,016,697)	498,097,636	0	0	498,097,636	496,541,409	0	1,556,227	99.7%	97.5%
Other materials	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Contracted services	10,543,398	3,139,013	13,682,411	0	347,162	14,029,573	13,953,871	0	75,702	99.5%	132.3%
Transfers and grants	601,000	(46,000)	555,000	0	0	555,000	447,564	0	107,436	80.6%	74.5%
Other expenditure	291,420,752	22,422,185	313,842,937	0	2,304,676	316,147,613	274,381,350	0	41,766,263	86.8%	94.2%
Loss on disposal of PPE	0	3,622,367	3,622,367	0	0	3,622,367	3,622,367	0	0	0.0%	0.0%
Total Expenditure	**1,451,395,835**	**40,966,618**	**1,492,362,453**	**0**	**(3,622,366)**	**1,488,740,087**	**1,433,812,941**	**0**	**54,927,146**	**96.3%**	**98.8%**
Surplus/(Deficit)	**(69,673,243)**	**(17,285,587)**	**(83,336,463)**	**0**	**4,712,778**	**(82,246,052)**	**(96,706,884)**	**0**	**14,460,832**	**117.6%**	**138.8%**
Transfers recognised - capital	66,849,000	31,688,715	98,537,715	0	(17,340,203)	97,447,304	97,447,304				
Contributions recognised - capital	0	0	0	0							
Contributed assets	0	0	0	0							
Surplus/(Deficit) after capital transfers & contributions	**(2,824,243)**	**14,403,128**	**15,201,252**	**0**	**(12,627,425)**	**15,201,252**	**740,420**	**0**	**14,460,832**	**4.9%**	**-26.2%**
Taxation											
Surplus/(Deficit) after taxation	**(2,824,243)**	**14,403,128**	**15,201,252**	**0**	**(12,627,425)**	**15,201,252**	**740,420**	**0**	**14,460,832**	**4.9%**	**-26.2%**
Attributable to minorities											
Surplus/(Deficit) attributable to municipality	**(2,824,243)**	**14,403,128**	**15,201,252**	**0**	**(12,627,425)**	**15,201,252**	**740,420**	**0**	**14,460,832**	**4.9%**	**-26.2%**
Share of surplus/ (deficit) of associate											
Surplus/(Deficit) for the year	**(2,824,243)**	**14,403,128**	**15,201,252**	**0**	**(12,627,425)**	**15,201,252**	**740,420**	**0**	**14,460,832**	**4.9%**	**-26.2%**

APPENDIX C4

RECONCILIATION OF BUDGETED CAPITAL EXPENDITURE BY VOTE, STANDARD CLASIFICATION AND FUNDING

	2013/2014										
DESCRIPTION	**ORIGINAL BUDGET**	**BUDGET ADJUSTMENTS** (i.t.o. s28 and s31 of the MFMA)	**FINAL ADJUSTMENTS BUDGET**	**SHIFTING OF FUNDS** (i.t.o. s31 of the MFMA)	**VERIMENT** (i.t.o. Council approved by law)	**FINAL BUDGET**	**ACTUAL OUTCOME**	**UNAUTHORISED EXPENDITURE**	**VARIANCE**	**AUCTUAL OUTCOME AS % OF FINAL BUDGET**	**AUCTUAL OUTCOME AS % OF ORIGINAL BUDGET**
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
Capital expenditure - Vote											
Multi-year expenditure											
Office of the Municipal Manager	12,872,038	(12,373,645)	498,393	0	0	498,393	160,700	0	337,693	32.2%	1.2%
Corporate Services	3,420,000	2,965,690	6,385,690	0	1,250,569	7,636,259	7,581,720	0	54,539	99.3%	221.7%
Community Services	7,420,495	4,462,600	11,883,095	0	-1,250,565	10,632,530	10,506,066	0	126,464	98.8%	141.6%
Financial Services	0	1,227,156	1,227,156	0	0	1,227,156	1,221,610	0	5,546	99.5%	0.0%
Planning and Economic Development	4,500,000	(2,273,334)	2,226,666	0	1	2,226,667	2,226,662	0	5	100.0%	49.5%
Infrastructure Services	146,643,319	41,466,641	188,109,960	0	-5	188,109,955	186,330,360	0	1,779,595	99.1%	127.1%
Capital multi-year expenditure sub-total	**174,855,852**	**35,475,108**	**210,330,960**	**0**	**0**	**210,330,960**	**208,027,117**	**0**	**2,303,843**	**98.9%**	**119.0%**
Single-year expenditure											
Office of the Municipal Manager	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Corporate Services	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Community Services	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Financial Services	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Planning and Economic Development	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Infrastructure Services	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Capital single-year expenditure sub-total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0.0%**	**0.0%**
Total Capital Expenditure - Vote	**174,855,852**	**35,475,108**	**210,330,960**	**0**	**0**	**210,330,960**	**208,027,117**	**0**	**2,303,843**	**98.9%**	**119.0%**
Capital Expenditure - Standard											
Governance and administration	**16,292,038**	**18,894,140**	**35,186,178**	**0**	**-316,200**	**34,869,978**	**34,787,401**	**0**	**82,577**	**99.8%**	**213.5%**
Executive and Council	15,972,038	(15,592,876)	379,162	0	-379,162	0	0	0	0	0.0%	0.0%
Budget and Treasury Office	0	1,227,156	1,227,156	0	0	1,227,156	1,221,610	0	5,546	99.5%	0.0%
Corporate Services	320,000	33,259,860	33,579,860	0	62,962	33,642,822	33,565,792	0	77,030	99.8%	10489.3%
Community and public safety	**14,380,495**	**(4,426,409)**	**9,954,086**	**0**	**-15,021**	**9,939,065**	**9,815,348**	**0**	**123,717**	**98.8%**	**68.3%**
Community and Social Services	889,295	199,029	1,088,324	0	7,925	1,096,249	978,105	0	118,144	89.2%	110.0%
Sport and Recreation	12,341,200	(4,056,014)	8,285,186	0	0	8,285,186	8,281,889	0	3,297	100.0%	67.1%
Public Saftey	50,000	(27,054)	22,946	0	-22,946	0	0	0	0	0.0%	0.0%
Housing	1,100,000	(542,370)	557,630	0	0	557,630	555,354	0	2,276	99.6%	50.5%
Health	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Economic and environmental services	**33,477,000**	**(1,613,101)**	**31,863,899**	**0**	**-2,297,553**	**29,566,346**	**29,545,135**	**0**	**21,211**	**99.9%**	**88.3%**
Planning and Economic Development	4,500,000	(2,273,334)	2,226,666	0	-2,226,666	0	0	0	0	0.0%	0.0%
Road Transport	28,977,000	660,233	29,637,233	0	-70,887	29,566,346	29,545,135	0	21,211	99.9%	102.0%
Enviromental Protection	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Trading services	**123,210,319**	**10,116,478**	**133,326,797**	**0**	**-22,112,755**	**111,214,042**	**111,213,781**	**0**	**261**	**100.0%**	**90.3%**
Electricity	26,124,737	(4,011,983)	22,112,754	0	-22,112,754	0	0	0	0	0.0%	0.0%
Water	41,118,617	490,575	41,609,192	0	-87,721	41,521,471	41,521,390	0	81	100.0%	101.0%
Waste Water Management	54,591,965	14,379,322	68,971,287	0	87,719	69,059,006	69,058,846	0	160	100.0%	126.5%
Waste Management	1,375,000	(741,436)	633,564	0	1	633,565	633,545	0	20	100.0%	46.1%
Other	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Total Capital Expenditure - Standard	**187,359,852**	**22,971,108**	**210,330,960**	**0**	**-24,741,529**	**185,589,431**	**185,361,664**	**0**	**227,767**	**99.9%**	**98.9%**
Funded by:											
National Government	45,442,982	41,577,662	87,020,644	0	0	87,020,644	85,930,232	0	1,090,412	98.7%	189.1%
Provincial Government	13,196,492	0	0	0	0	0	0	0	0	0.0%	0.0%
District Municipality	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Other transfers and grants	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Transfers recognised - capital	**58,639,474**	**41,577,662**	**87,020,644**	**0**	**0**	**87,020,644**	**85,930,232**	**0**	**1,090,412**	**98.7%**	**146.5%**
Public contributions & donations	0	0	0	0	0	0	0	0	0	0.0%	0.0%
Borrowing	119,927,784	(7,734,426)	112,193,358	0	0	112,193,358	112,183,488	0	9,870	100.0%	93.5%
Internally generated funds	8,792,594	2,324,364	11,116,958	0	0	11,116,958	9,913,397	0	1,203,561	89.2%	112.7%
Total Capital Funding	**187,359,852**	**36,167,600**	**210,330,960**	**0**	**0**	**210,330,960**	**208,027,117**	**0**	**2,303,843**	**98.9%**	**111.0%**

APPENDIX C5
RECONCILIATION OF BUDGETED CASH FLOW

	2013/2014							
Description	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	1	2	3	6	7	9	10	11
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	1,196,490,592	(35,146,926)	1,231,637,518	1,231,637,518	1,201,391,203	30,246,315	97.5%	100.4%
Government - operating	187,191,526	28,611,021	158,580,505	158,580,505	149,202,087	9,378,418	94.1%	79.7%
Government - capital	58,639,474	(39,898,241)	98,537,715	98,537,715	97,447,304	1,090,411	0.0%	166.2%
Interest	6,000,000	(8,935,600)	14,935,600	14,935,600	9,840,452	5,095,148	65.9%	164.0%
Dividends	0	0	0	0	15,120	(15,120)	0.0%	0.0%
Payments							0.0%	0.0%
Suppliers and employees	(1,216,239,741)	29,905,394	(1,246,145,135)	(1,246,145,135)	(1,173,638,774)	(72,506,361)	94.2%	96.5%
Finance charges	(63,063,458)	1	(63,063,459)	(63,063,459)	(58,975,521)	(4,087,938)	93.5%	93.5%
Transfers and Grants	(601,000)	(46,000)	(555,000)	(555,000)	(447,564)	(107,436)	80.6%	74.5%
NET CASH FROM/(USED) OPERATING ACTIVITIES	**168,417,393**	**(25,510,351)**	**193,927,744**	**193,927,744**	**224,834,307**	**(30,906,564)**	**115.9%**	**133.5%**
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	250,000	0	250,000	250,000	1,539,002	(1,289,002)	0.0%	615.6%
Decrease (Increase) in non-current debtors	0	0	0	0	0	0	0.0%	0.0%
Decrease (increase) other non-current receivables	500,000	0	500,000	500,000	392,152	107,848	78.4%	78.4%
Decrease (increase) in non-current investments	0	0	0	0	0	0	0.0%	0.0%
Payments							0.0%	0.0%
Capital assets	(187,359,852)	22,971,108	(210,330,960)	(210,330,960)	(208,027,117)	(2,303,843)	98.9%	111.0%
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(186,609,852)**	**22,971,108**	**(209,580,960)**	**(209,580,960)**	**(206,095,964)**	**(3,484,996)**	**98.3%**	**110.4%**
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	0	0	0	0	0	0	0.0%	0.0%
Borrowing long term/refinancing	119,927,784	0	119,927,784	119,927,784	119,927,784	0	100.0%	100.0%
Increase (decrease) in consumer deposits	2,000,000	0	2,000,000	2,000,000	2,536,291	(536,291)	126.8%	126.8%
Payments							0.0%	0.0%
Repayment of borrowing	(74,290,570)	0	(74,290,570)	(74,290,570)	(98,262,569)	23,971,998	132.3%	132.3%
NET CASH FROM/(USED) FINANCING ACTIVITIES	**47,637,214**	**0**	**47,637,214**	**47,637,214**	**24,201,506**	**23,435,707**	**50.8%**	**50.8%**
NET INCREASE/ (DECREASE) IN CASH HELD								
Cash/cash equivalents at the year begin:	100,449,403	(35,396,929)	135,846,333	135,846,333	135,846,333	0	100.0%	135.2%
Cash/cash equivalents at the year end:	129,894,158	(37,936,172)	167,830,330	167,830,330	178,786,182	(10,955,852)	106.5%	137.6%

APPENDIX D

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, 56 OF 2003

DESCRIPTION	FUNDER	OPENING BALANCE 1 JULY 2013	Quarterly Receipts						Quarterly Expenditure (Capital & Operating)					CLOSING BALANCE 30 JUNE 2014
			September	December	March	June	Total	Interest Received	September	December	March	June	Total	
		R	R	R	R	R	R	R	R	R	R	R	R	R
TRUST FUND : INDIGENT POLICY FUND	National Government	0	(31,665,000)	(25,058,000)	(18,998,000)	(274,000)	(75,995,000)	0	13,580,394	31,001,426	25,372,951	6,040,229	75,995,000	**0**
TRUST FUND : CMIP PROJECTS	National Government	(111,928)	(7,035,000)	(18,991,000)	0	(7,279,000)	(33,305,000)	0	0	5,464,346	6,496,946	21,420,821	33,382,112	**(34,816)**
TRUST FUND : BUCKET ERADICATION; WC056	National Government	(755)	0	0	0	0	0	0	0	0	0	0	0	**(755)**
TRUST FUND: REDUCE WATER LEAKS:INDIGENT	National Government	0	0	0	0	0	0	0	0	0	0	0	0	**0**
TRUST FUND:WATER DEMAND MAN GRANT DWAF	National Government	0	0	0	0	0	0	0	0	0	0	0	0	**0**
TRUST FUND:WATER SERVICE ASET MAN PLAN	National Government	(43,997)	0	0	0	0	0	0	0	0	0	0	0	**(43,997)**
TRUST FUND : BUDGET REFORM PROG NT	National Government	0	(1,300,000)	0	0	0	(1,300,000)	0	0	460,504	1,003	838,493	1,300,000	**0**
MANAGEMENT SUPPORT GRANT	National Government	0	0	0	(400,000)	0	(400,000)	0	0	0	0	0	0	**(400,000)**
TRUST FUND : HEALTH SUBSIDIES	National Government	(0)	0	0	0	0	0	0	0	0	0	0	0	**(0)**
TRUST FUND : PROCLAIMED ROADS SUBSIDIES	Provincial Government	0	0	0	0	0	0	0	0	0	0	0	0	**0**
TRUST FUND : CARTERVILLE HOUSING PROJECT	Provincial Government	(956,503)	0	0	0	0	0	0	0	0	0	0	0	**(956,503)**
TRUST FUND : 1068 HUISE WD SKENKING	Provincial Government	(920,604)	0	0	0	0	0	0	0	0	0	0	0	**(920,604)**
TRUST FUND : DROMMEDARIS EMERGENCY HOUS	Provincial Government	0	0	(21,697,003)	0	(17,892,108)	(39,589,111)	0	0	0	21,587,149	18,001,962	39,589,111	**0**
TRUST FUND : HOUSING SCHEME 49 PROJ 2	Provincial Government	(478,380)	0	0	0	(2,211,795)	(2,211,795)	0	0	38,301,874	(12,637,255)	(22,974,444)	2,690,175	**(0)**
TRUST FUND : HOUSING PROJECT 59	Provincial Government	(4,458,325)	0	(2,004,094)	(1,487,274)	0	(3,491,368)	0	0	0	670,923	117,486	788,409	**(7,161,284)**
TRUST FUND:HOUSING SCHEME 51 WHITE CITY	Provincial Government	0	0	0	0	0	0	0	0	0	0	0	0	**0**
DROMMEDARIS 181 PAARL	Provincial Government	0	0	0	0	0	0	0	0	0	0	0	0	**0**
TRUST FUND : HOUSING SCHEME SILVERTOWN	Provincial Government	0	0	0	0	0	0	0	0	0	0	0	0	**0**
UNSPENT MONEY PROJECT 59 (GUARANTEE)	Other	(623,636)	0	0	0	0	0	0	0	0	0	0	0	**(623,636)**
NEW SIYAZAMA	Provincial Government	(154,012)	0	0	0	(2,018,952)	(2,018,952)	0	0	0	1,426,223	350,370	1,776,592	**(396,372)**
ERF 2220	Provincial Government	(1,209,959)	0	0	0	0	0	0	0	0	209,898	26,881	236,780	**(973,180)**
GOUDA	Provincial Government	(2,003,627)	0	0	0	0	0	0	0	0	0	0	0	**(2,003,627)**
T/F:EMERGENCY KITS:O R THAMBO INF SETTLE	Other	(14,307)	(756,000)	0	0	0	(756,000)	0	316,802	227,890	0	0	544,692	**(225,615)**
DALJOSAPHAT TRANSFERS	Provincial Government	(453,180)	0	0	0	0	0	0	0	0	0	0	0	**(453,180)**
TRUST FUND : KINGSTON	Provincial Government	0	0	(16,560)	0	(1,003,674)	(1,020,234)	0	0	0	616,779	403,455	1,020,234	**0**
TRUST FUND : LANTANA	Provincial Government	0	0	(85,632)	0	85,632	0	0	0	0	0	0	0	**0**
TRUST FUND : SIYASHALA	Provincial Government	0	0	(898,815)	0	(4,579,169)	(5,477,985)	0	0	0	5,041,287	436,698	5,477,985	**0**
TRUST FUND : AMSTELHOF PROJECT 35	Provincial Government	(10,348)	0	0	0	0	0	0	0	0	0	0	0	**(10,348)**
TRUST FUND : LIBRARY GRANT (PROV)	Provincial Government	(130,855)	(595,334)	(595,333)	(595,333)	0	(1,786,000)	0	93,613	39,094	32,136	1,618,217	1,783,060	**(133,795)**
MUNICIPAL SYSTEM IMPROVEMENT GRANT (MSIG	National Government	0	0	(890,000)	0	0	(890,000)	0	0	186,510	9,250	694,240	890,000	**0**
TRUST FUND : LIBRARY BUILDING GRANT	Provincial Government	(20,791)	0	0	0	0	0	0	0	0	0	0	0	**(20,791)**
TRUST FUND : MANAGEMENT SUPPORT PROGRAMM	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
TRUST FUND : SOCCERFIELD	Other	(19,033)	0	0	0	0	0	0	0	0	0	0	0	**(19,033)**
TRUST FUND : LIBRARY GOUDA	Provincial Government	0	0	0	0	0	0	0	0	0	0	0	0	**0**
TRUST FUND : MBEKWENI BUSSINESS HIVE	Provincial Government	0	0	0	0	0	0	0	0	0	0	0	0	**0**
TRUST FUND : SPATIAL DEVELOPMENT FRAMEWO	Provincial Government	0	0	0	0	0	0	0	0	0	0	0	0	**0**
TRUST FUND : PUBLIC TRANSPORT INFRASTRUC	Provincial Government	0	0	0	0	0	0	0	0	0	0	0	0	**0**
TRUST FUND : PROJECT 1 - STORMWATER (FOU	Provincial Government	0	0	222,588	1,014,162	(3,664,750)	(2,428,000)	0	0	0	0	2,428,000	2,428,000	**0**
TRUST FUND : SKEMA REGULASIES	Provincial Government	0	0	0	0	0	0	0	0	0	0	0	0	**0**
TRUST FUND : RUIMTELIKE ONTWIKKELINGSRAA	Provincial Government	0	0	0	0	0	0	0	0	0	0	0	0	**0**
TRUST FUND : STEDELIKE SOOMGEBIED STUDIE	Provincial Government	0	0	0	0	0	0	0	0	0	0	0	0	**0**
ENERGY EFFICIENCY AND DEMANDSIDE MANAGEM	Provincial Government	0	0	(421,700)	421,700	0	0	0	0	0	0	0	0	**0**
TRUST FUND ELEKT MASTERPLAN(PROV)	Provincial Government	0	0	0	(4,999,700)	0	(4,999,700)	0	0	0	0	299,592	299,592	**(4,700,108)**
TRUST FUND :HOUSING CONSUMER EDUCATION	Provincial Government	0	0	0	0	0	0	0	0	0	0	0	0	**0**
TRUST FUND :COMMUNITY DEV WORKER (CDW)	Provincial Government	(154,395)	0	0	(114,800)	0	(114,800)	0	0	59,266	2,720	49,082	111,068	**(158,126)**
T/F:INV LAND FOR PROV OF IND&RES PURPOSE	Provincial Government	(51,093)	0	0	0	0	0	0	0	0	0	0	0	**(51,093)**
ARBOR CITY AWARD	Provincial Government	0	5,550	(5,550)	0	0	0	0	55,000	5,550	32,336	0	92,886	**92,886**
TRUST FUND : RBIG	Provincial Government	(5,062,306)	0	(19,083,302)	(17,835,022)	(2,409,500)	(39,327,824)	0	0	3,316,263	23,642	34,017,708	37,357,612	**(7,032,518)**
TRUST FUND : LAND REGISTRATION	Provincial Government	0	0	0	0	0	0	0	0	0	0	0	0	**0**
TRUST FUND : SIMONDIUM INFOR SETTLEMENT	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
TRUST FUND : CABLES: 66KV PROJECT	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
MAYORAL FUND	Other	0	0	0	0	0	0	0	0	0	147,200	(147,200)	0	**0**
TUST FUND: DALJOSAF SINTETIESE ALETIEKB	Other	(492)	0	0	0	0	0	0	0	0	0	0	0	**(492)**
TRUST FUND : ERF 2220:STROMWATER UPGRADE	Other	(1)	0	0	0	0	0	0	0	0	0	0	0	**(1)**
TRUST FUND : HIV/AIDS PROGRAM	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
TRUST FUND : INTEGRATED FOOD & NUTRITION	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
TRUST FUND : TRAINING LEVY	Other	(2,273,285)	(247,838)	(526,997)	(128,737)	(52,396)	(955,968)	0	22,594	0	0	3,010	25,604	**(3,203,649)**
TRUST FUND : REROUTING WATERMAIN BORSEN	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**

APPENDIX D

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, 56 OF 2003

DESCRIPTION	FUNDER	OPENING BALANCE 1 JULY 2013	Quarterly Receipts						Quarterly Expenditure (Capital & Operating)					CLOSING BALANCE 30 JUNE 2014
			September	December	March	June	Total	Interest Received	September	December	March	June	Total	
			R	R	R	R		R	R	R	R	R	R	R
SANITATION:BACKYARD DWELLERS(STUDY-PPF)	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
INVESTIGATE WATER & SEW BACKYARD DWELLER	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
WATER & SEWER:MASTERPLANS (SARON&GOUDA)	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
EPWP : ROADS AND CLEANSING	Other	(2,671)	0	0	0	0	0	0	0	0	0	(0)	0	**(2,672)**
PROV BASIC SERVICES OR.THAMBO INF SETLMT	Other	(27,314)	0	(300,000)	(600,000)	(100,000)	(1,000,000)	0	0	423,776	0	392,382	816,158	**(211,156)**
TRUST FUND : SECTION 78:WATER ASSESMENT	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
TRUST FUND :WATER & SEWERAGE REP DE OUDE	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
TRUST FUND : SPORT FACILITIES (S)	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
ANNUAL UPDATE OF WATER&SEWER MASTERPLANS	Other	(0)	0	0	0	0	0	0	0	0	0	0	0	**(0)**
BULK WATER RESOURCE STUDY(R200000)PRL&WN	Other	(87,780)	0	0	0	0	0	0	0	0	0	0	0	**(87,780)**
ANNUAL UPDATE OFWSDP (R150000)	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
TRUST FUND : MARKETING PLAN-DE POORT VIL	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
DEPARTMENT OF PUBLIC WORKS (TAXI RANK)	Other	(291,581)	0	0	0	0	0	0	0	0	0	268,808	268,808	**(22,773)**
ARBORETUM AUPGRADING (FILM SHOOT)	Other	0	0	0	(219,298)	0	(219,298)	0	0	0	0	0	0	**(219,298)**
TRUST FUND : ELECTRIFICATION FUNDING	Other	(193,544)	(14,921,700)	(1,578,300)	2,000,000	0	(14,500,000)	0	0	1,576,130	817,132	9,528,513	11,921,775	**(2,771,769)**
TRUST FUND : MUN WEDUWEE & WESE PENSIOEN	Other	(838,290)	0	0	0	(71,344)	(71,344)	0	0	0	0	275,184	275,184	**(634,450)**
TRUST FUND : SPORTFONDS	Other	0	0	0	(200,000)	0	(200,000)	0	0	0	0	0	0	**(200,000)**
WELLINGTON ROLBAL KLUB	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
TRUST FUND : WRITING FESTIVAL (DON FUND)	Other	0	0	0	0	(100,000)	(100,000)	0	0	0	0	0	0	**(100,000)**
TRUST FUND : LOTTERY MONEYS (SARON)	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
WATER MANAGEMENT (MPUMALELO)	Other	0	0	(1)	(40,000)	0	(40,001)	0	0	0	0	0	0	**(40,001)**
TRUST FUND : CENTURY CIVILS (SURITY SHI	Other	0	0	0	0	(6,144,000)	(6,144,000)	0	0	2,154,536	4,285,260	(295,796)	6,144,000	**0**
TRUST FUND : SWARTBERGSTREET : CONCRETE	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
BYDRAE WELLINGTON TENNISKLUB	Other	(46,777)	0	0	(80,000)	0	(80,000)	0	0	0	0	0	0	**(126,777)**
LAND AUDIT	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
TRUST FUND : CAPE WINELANDS ID CAMPAIGN	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
T/FUND : GOLF SHIRTS:PURCHASE & PAYMENT	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
T/FUND : BERG RIVER POLLUTION PROJECT	Other	(31,847)	0	0	0	0	0	0	0	0	0	0	0	**(31,847)**
T/FUND:PERFORMANCE MANAGMENT SYSTEM(PMS)	Other	0	0	0	0	(1,000,000)	(1,000,000)	0	0	0	0	1,000,000	1,000,000	**0**
T/FUND : HERMON WATER AANSLUITINGS	Other	(44)	0	0	0	0	0	0	0	0	0	0	0	**(44)**
T/F:FEASIBILY STUDIES BULK SANITAT DWAF	Other	0	0	0	0	(1,900,000)	(1,900,000)	0	0	0	1,541,402	358,598	1,900,000	**(0)**
T/F:PAARL WASTE WATER WORKS(DWAF)	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
T/F:TOEKENING VIR INFRASTRUK PROJEKT CWL	Other	(500,559)	(400,000)	0	0	100,000	(300,000)	0	0	0	0	0	0	**(800,559)**
NEDBANK CONTRACTOR DEV TRAINING PROGRAM	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
STORMWATER MASTER PLAN (R200000)W/TON	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
DONATIONS WATER WEEK	Other	0	0	0	(54,500)	(25,000)	(79,500)	0	0	0	0	50,971	50,971	**(28,529)**
T/FUND : TARRING OF SIDE WALKS OR THAMBO	Other	(47,447)	0	0	0	0	0	0	0	0	0	0	0	**(47,447)**
INDUSTRIAL DEVELOPMENT CORP SUPPORT FUND	Other	(205,310)	0	0	0	0	0	0	0	0	0	0	0	**(205,310)**
TRUST FUND : TURN AROUND TRADE (WAARBORG	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
TRUST FUND : BULK SERVICES WATER & SEWER	Other	(1,689,931)	(36,050)	(39,743)	(36,751)	(47,832)	(160,376)	0	0	0	0	0	0	**(1,850,307)**
TRUST FUND : BULK SERV LEVY ELECTRICAL	Other	(520,099)	(8,089)	(8,089)	0	0	(16,178)	0	0	0	0	0	0	**(536,277)**
TRUST FUND : ASHANTI WINE SEWER SYSTEM	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
TRUST FUND : GAUSSIAN RESOURC (WAARBORG)	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
TRUST FUND (IMVUMSA TRADING (RIOOL)	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
ELECTRICITY (ANTHEA DU PREEZ (GAURENTEE)	Other	0	0	0	(30,000)	0	(30,000)	0	0	0	0	0	0	**(30,000)**
TRUST FUND : JOHN MILLER SUBDIV ERF 413	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
T/FUND : CHATEL ONTWIKKELAARS (WAARBORG)	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
COLIN D BROWN GUARANTEE PIPELINE BUILD	Other	(1,300,000)	0	0	0	0	0	0	0	0	0	0	0	**(1,300,000)**
T/FUND :GUARANTEE:SUNRISE CONSTRUCTION	Other	0	0	0	0	0	0	0	0	0	0	0	0	**0**
		(24,935,006.03)	**(56,959,460)**	**(91,977,530)**	**(42,383,554)**	**(50,587,888)**	**(241,908,433)**	**0.00**	**14,068,403**	**83,217,164**	**55,676,979**	**75,203,261**	**228,165,807**	**(38,677,632)**

APPENDIX E

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, 56 OF 2003

DESCRIPTION	FUNDER	REASON FOR RECEIPT	FUNDING	OPENING BALANCE 1 JULY 2013	Quarterly Receipts						Quarterly Expenditure (Capital & Operating)					CLOSING BALANCE 30 JUNE 2014
					September	December	March	June	Total	Interest Received	September	December	March	June	Total	
				R	R	R	R	R		R	R	R	R	R	R	R
TRUST FUND : INDIGENT POLICY FUND	National Government	Funding Indigent Debtors	Ongoing	0	(31,665,000)	(25,058,000)	(18,998,000)	(274,000)	(75,995,000)	0	13,580,394	31,001,426	25,372,951	6,040,229	75,995,000	0
TRUST FUND : CMIP PROJECTS	National Government	Funding of Infrastructure projects	Ongoing	(111,928)	(7,035,000)	(18,991,000)	0	(7,279,000)	(33,305,000)	0	0	5,464,346	6,496,946	21,420,821	33,382,112	(34,816)
TRUST FUND : BUCKET ERADICATION; WC056	National Government	Bucket Eradication	Once	(755)	0	0	0	0	0	0	0	0	0	0	0	(755)
TRUST FUND: REDUCE WATER LEAKS:INDIGENT	National Government	Funding of Infrastructure projects	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
TRUST FUND:WATER DEMAND MAN GRANT DWAF	National Government	Funding of Infrastructure projects	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
TRUST FUND:WATER SERVICE ASET MAN PLAN	National Government	Asset Management	Once	(43,997)	0	0	0	0	0	0	0	0	0	0	0	(43,997)
TRUST FUND : BUDGET REFORM PROG NT	National Government	Intern Programme	Ongoing	0	(1,300,000)	0	0	0	(1,300,000)	0	0	460,504	1,003	838,493	1,300,000	0
MANAGEMENT SUPPORT GRANT	National Government	Support	Ongoing	0	0	0	(400,000)	0	(400,000)	0	0	0	0	0	0	(400,000)
TRUST FUND : HEALTH SUBSIDIES	National Government	Health	Ongoing	(0)	0	0	0	0	0	0	0	0	0	0	0	(0)
TRUST FUND : PROCLAIMED ROADS SUBSIDIES	Provincial Government	Housing Projects	Ongoing	0	0	0	0	0	0	0	0	0	0	0	0	0
TRUST FUND : CARTERVILLE HOUSING PROJECT	Provincial Government	Housing Projects	Ongoing	(956,503)	0	0	0	0	0	0	0	0	0	0	0	(956,503)
TRUST FUND : 1068 HUISE WD SKENKING	Provincial Government	Housing Projects	Ongoing	(920,604)	0	0	0	0	0	0	0	0	0	0	0	(920,604)
TRUST FUND : DROMMEDARIS EMERGENCY HOUS	Provincial Government	Housing Projects	Ongoing	0	0	(21,697,003)	0	(17,892,108)	(39,589,111)	0	0	0	21,587,149	18,001,962	39,589,111	0
TRUST FUND : HOUSING SCHEME 49 PROJ 2	Provincial Government	Housing Projects	Ongoing	(478,380)	0	0	0	(2,211,795)	(2,211,795)	0	0	38,301,874	(12,637,255)	(22,974,444)	2,690,175	(0)
TRUST FUND : HOUSING PROJECT 59	Provincial Government	Housing Projects	Ongoing	(4,458,325)	0	(2,004,094)	(1,487,274)	0	(3,491,368)	0	0	0	670,923	117,486	788,409	(7,161,284)
TRUST FUND:HOUSING SCHEME 51 WHITE CITY	Provincial Government	Housing Projects	Ongoing	0	0	0	0	0	0	0	0	0	0	0	0	0
DROMMEDARIS 181 PAARL	Provincial Government	Housing Projects	Ongoing	0	0	0	0	0	0	0	0	0	0	0	0	0
TRUST FUND : HOUSING SCHEME SILVERTOWN	Provincial Government	Housing Projects	Ongoing	0	0	0	0	0	0	0	0	0	0	0	0	0
UNSPENT MONEY PROJECT 59 (GUARANTEE)	Other	Housing Projects	Ongoing	(623,636)	0	0	0	0	0	0	0	0	0	0	0	(623,636)
NEW SIYAZAMA	Provincial Government	Housing Projects	Ongoing	(154,012)	0	0	0	(2,018,952)	(2,018,952)	0	0	0	1,426,223	350,370	1,776,592	(396,372)
ERF 2220	Provincial Government	Housing Projects	Ongoing	(1,209,959)	0	0	0	0	0	0	0	0	209,898	26,881	236,780	(973,180)
GOUDA	Provincial Government	Housing Projects	Ongoing	(2,003,627)	0	0	0	0	0	0	0	0	0	0	0	(2,003,627)
T/F:EMERGENCY KITS:O R THAMBO INF SETTLE	Other	Housing Projects	Ongoing	(14,307)	(756,000)	0	0	0	(756,000)	0	316,802	227,890	0	0	544,692	(225,615)
DALJOSAPHAT TRANSFERS	Provincial Government	Housing Projects	Ongoing	(453,180)	0	0	0	0	0	0	0	0	0	0	0	(453,180)
TRUST FUND : KINGSTON	Provincial Government	Housing Projects	Ongoing	0	0	(16,560)	0	(1,003,674)	(1,020,234)	0	0	0	616,779	403,455	1,020,234	0
TRUST FUND : LANTANA	Provincial Government	Housing Projects	Ongoing	0	0	(85,632)	0	85,632	0	0	0	0	0	0	0	0
TRUST FUND : SIYASHALA	Provincial Government	Housing Projects	Ongoing	0	0	(898,815)	0	(4,579,169)	(5,477,985)	0	0	0	5,041,287	436,698	5,477,985	0
TRUST FUND : AMSTELHOF PROJECT 35	Provincial Government	Housing Projects	Ongoing	(10,348)	0	0	0	0	0	0	0	0	0	0	0	(10,348)
TRUST FUND : LIBRARY GRANT (PROV)	Provincial Government	sattelite Libraries	Ongoing	(130,855)	(595,334)	(595,333)	(595,333)	0	(1,786,000)	0	93,613	39,094	32,136	1,618,217	1,783,060	(133,795)
MUNICIPAL SYSTEM IMPROVEMENT GRANT (MSIG	National Government	Capacity Building	Ongoing	0	0	(890,000)	0	0	(890,000)	0	0	186,510	9,250	694,240	890,000	0
TRUST FUND : LIBRARY BUILDING GRANT	Provincial Government	Building of Library	Once	(20,791)	0	0	0	0	0	0	0	0	0	0	0	(20,791)
TRUST FUND : MANAGEMENT SUPPORT PROGRAMM	Other	Management Support	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
TRUST FUND : SOCCERFIELD	Other	Upgrading of Soccerfiels	Once	(19,033)	0	0	0	0	0	0	0	0	0	0	0	(19,033)
TRUST FUND : LIBRARY GOUDA	Provincial Government	Building of Library	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
TRUST FUND : MBEKWENI BUSSINESS HIVE	Provincial Government	Construction of business units	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
TRUST FUND : SPATIAL DEVELOPMENT FRAMEWO	Provincial Government	Spatial development	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
TRUST FUND : PUBLIC TRANSPORT INFRASTRUC	Provincial Government	Create Infrastructure	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
TRUST FUND : PROJECT 1 - STORMWATER (FOU	Provincial Government	Create Infrastructure	Once	0	0	222,588	1,014,162	(3,664,750)	(2,428,000)	0	0	0	0	2,428,000	2,428,000	0
TRUST FUND : SKEMA REGULASIES	Provincial Government	Create Infrastructure	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
TRUST FUND : RUIMTELIKE ONTWIKKELINGSRAA	Provincial Government	Create Infrastructure	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
TRUST FUND : STEDELIKE SOOMGEBIED STUDIE	Provincial Government	Create Infrastructure	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
ENERGY EFFICIENCY AND DEMANDSIDE MANAGEM	Provincial Government	Create Infrastructure	Once	0	0	(421,700)	421,700	0	0	0	0	0	0	0	0	0
TRUST FUND ELEKT MASTERPLAN(PROV)	Provincial Government	Create Infrastructure	Once	0	0	0	(4,999,700)	0	(4,999,700)	0	0	0	0	299,592	299,592	(4,700,108)
TRUST FUND :HOUSING CONSUMER EDUCATION	Provincial Government	Housing	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
TRUST FUND :COMMUNITY DEV WORKER (CDW)	Provincial Government	Community Development (Wards)	Ongoing	(154,395)	0	0	(114,800)	0	(114,800)	0	0	59,266	2,720	49,082	111,068	(158,126)
T/F:INV LAND FOR PROV OF IND&RES PURPOSE	Provincial Government	Land Study	Once	(51,093)	0	0	0	0	0	0	0	0	0	0	0	(51,093)
ARBOR CITY AWARD	Provincial Government	Tree Planting	Once	0	5,550	(5,550)	0	0	0	0	55,000	5,550	32,336	0	92,886	92,886
TRUST FUND : RBIG	Provincial Government	Create Infrastructure	Ongoing	(5,062,306)	0	(19,083,302)	(17,835,022)	(2,409,500)	(39,327,824)	0	0	3,316,263	23,642	34,017,708	37,357,612	(7,032,518)
TRUST FUND : LAND REGISTRATION	Provincial Government	Create Infrastructure		0	0	0	0	0	0	0	0	0	0	0	0	0
TRUST FUND : SIMONDIUM INFOR SETTLEMENT	Other	Create Infrastructure		0	0	0	0	0	0	0	0	0	0	0	0	0
TRUST FUND : CABLES: 66KV PROJECT	Other	Create Infrastructure		0	0	0	0	0	0	0	0	0	0	0	0	0
MAYORAL FUND	Other	Create Infrastructure		0	0	0	0	0	0	0	0	0	147,200	(147,200)	0	0
TUST FUND: DALJOSAF SINTETIESE ALETIEKB	Other	Improvement of Track	Once	(492)	0	0	0	0	0	0	0	0	0	0	0	(492)
TRUST FUND : ERF 2220:STROMWATER UPGRADE	Other	Housing Projects	Once	(1)	0	0	0	0	0	0	0	0	0	0	0	(1)
TRUST FUND : HIV/AIDS PROGRAM	Other	HIV Awareness	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
TRUST FUND : INTEGRATED FOOD & NUTRITION	Other	Health care		0	0	0	0	0	0	0	0	0	0	0	0	0
TRUST FUND : TRAINING LEVY	Other	Training	Ongoing	(2,273,285)	(247,838)	(526,997)	(128,737)	(52,396)	(955,968)	0	22,594	0	0	3,010	25,604	(3,203,649)
TRUST FUND : REROUTING WATERMAIN BORSEN	Other	Create Infrastructure	Ongoing	0	0	0	0	0	0	0	0	0	0	0	0	0
SANITATION:BACKYARD DWELLERS(STUDY-PPF)	Other	Create Infrastructure	Ongoing	0	0	0	0	0	0	0	0	0	0	0	0	0
INVESTIGATE WATER & SEW BACKYARD DWELLER	Other	Investigation	Ongoing	0	0	0	0	0	0	0	0	0	0	0	0	0
WATER & SEWER:MASTERPLANS (SARON&GOUDA)	Other	Create Infrastructure	Ongoing	0	0	0	0	0	0	0	0	0	0	0	0	0
EPWP : ROADS AND CLEANSING	Other	Job Creation	Ongoing	(2,671)	0	0	0	0	0	0	0	0	0	(0)	0	(2,672)
PROV BASIC SERVICES OR.THAMBO INF SETLMT	Other	Housing	Once	(27,314)	0	(300,000)	(600,000)	(100,000)	(1,000,000)	0	0	423,776	0	392,382	816,158	(211,156)
TRUST FUND : SECTION 78:WATER ASSESMENT	Other	Create Infrastructure	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
TRUST FUND :WATER & SEWERAGE REP DE OUDE	Other	Repair infrastructure	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
TRUST FUND : SPORT FACILITIES (S)	Other	Create Infrastructure	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
ANNUAL UPDATE OF WATER&SEWER MASTERPLANS	Other	Updateing Masterplans	Once	(0)	0	0	0	0	0	0	0	0	0	0	0	(0)
BULK WATER RESOURCE STUDY(R200000)PRL&WN	Other	Impact Study	Once	(87,780)	0	0	0	0	0	0	0	0	0	0	0	(87,780)
ANNUAL UPDATE OFWSDP (R150000)	Other	Create Infrastructure	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
TRUST FUND : MARKETING PLAN-DE POORT VIL	Other	Create Infrastructure	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
DEPARTMENT OF PUBLIC WORKS (TAXI RANK)	Other	Create Infrastructure	Once	(291,581)	0	0	0	0	0	0	0	0	0	268,808	268,808	(22,773)

APPENDIX E

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, 56 OF 2003

DESCRIPTION	FUNDER	REASON FOR RECEIPT	FUNDING	OPENING BALANCE 1 JULY 2013	Quarterly Receipts						Quarterly Expenditure (Capital & Operating)					CLOSING BALANCE 30 JUNE 2014
					September	December	March	June	Total	Interest Received	September	December	March	June	Total	
					R	R	R	R		R	R	R	R	R	R	R
ARBORETUM AUPGRADING (FILM SHOOT)	Other	Create Infrastructure		0	0	0	(219,298)	0	(219,298)	0	0	0	0	0	0	(219,298)
TRUST FUND : ELECTRIFICATION FUNDING	Other	Electrification Housing projects	Ongoing	(193,544)	(14,921,700)	(1,578,300)	2,000,000	0	(14,500,000)	0	0	1,576,130	817,132	9,528,513	11,921,775	(2,771,769)
TRUST FUND : MUN WEDUWEE & WESE PENSIOEN	Other	Mayoral Fund	Once	(838,290)	0	0	0	(71,344)	(71,344)	0	0	0	0	275,184	275,184	(634,450)
TRUST FUND : SPORTFONDS	Other	Upgrading of Sportfacilities	Once	0	0	0	(200,000)	0	(200,000)	0	0	0	0	0	0	(200,000)
WELLINGTON ROLBAL KLUB	Other	Upgrading of Sportfacilities	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
TRUST FUND : WRITING FESTIVAL (DON FUND)	Other	Education	Once	0	0	0	0	(100,000)	(100,000)	0	0	0	0	0	0	(100,000)
TRUST FUND : LOTTERY MONEYS (SARON)	Other	Building og Library	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
WATER MANAGEMENT (MPUMALELO)	Other	Create Infrastructure	Once	0	0	0	(1)	(40,000)	(40,001)	0	0	0	0	0	0	(40,001)
TRUST FUND : CENTURY CIVILS (SURITY SHI	Other	Create Infrastructure	Once	0	0	0	0	(6,144,000)	(6,144,000)	0	0	2,154,536	4,285,260	(295,796)	6,144,000	0
TRUST FUND : SWARTBERGSTREET : CONCRETE	Other	Create Infrastructure	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
BYDRAE WELLINGTON TENNISKLUB	Other	Create Infrastructure	Once	(46,777)	0	0	(80,000)	0	(80,000)	0	0	0	0	0	0	(126,777)
LAND AUDIT	Other	Audit	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
TRUST FUND : CAPE WINELANDS ID CAMPAIGN	Other	ID Campaighn	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
T/FUND : GOLF SHIRTS:PURCHASE & PAYMENT	Other	General	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
T/FUND : BERG RIVER POLLUTION PROJECT	Other	Impact Study	Once	(31,847)	0	0	0	0	0	0	0	0	0	0	0	(31,847)
T/FUND:PERFORMANCE MANAGMENT SYSTEM(PMS)	Other	Management Performance	Once	0	0	0	0	(1,000,000)	(1,000,000)	0	0	0	0	1,000,000	1,000,000	0
T/FUND : HERMON WATER AANSLUITINGS	Other	Create Infrastructure	Once	(44)	0	0	0	0	0	0	0	0	0	0	0	(44)
T/F:FEASIBILY STUDIES BULK SANITAT DWAF	Other	Create Infrastructure	Once	0	0	0	0	(1,900,000)	(1,900,000)	0	0	0	1,541,402	358,598	1,900,000	(0)
T/F:PAARL WASTE WATER WORKS(DWAF)	Other	Create Infrastructure	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
T/F:TOEKENING VIR INFRASTRUK PROJEKT CWL	Other	Create Infrastructure	Once	(500,559)	(400,000)	0	0	100,000	(300,000)	0	0	0	0	0	0	(800,559)
NEDBANK CONTRACTOR DEV TRAINING PROGRAM	Other	Development Training	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
STORMWATER MASTER PLAN (R200000)W/TON	Other	Impact Study	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
DONATIONS WATER WEEK	Other	Water Learnership	Once	0	0	0	(54,500)	(25,000)	(79,500)	0	0	0	0	50,971	50,971	(28,529)
T/FUND : TARRING OF SIDE WALKS OR THAMBO	Other	Create Infrastructure	Once	(47,447)	0	0	0	0	0	0	0	0	0	0	0	(47,447)
INDUSTRIAL DEVELOPMENT CORP SUPPORT FUND	Other	Create Infrastructure	Once	(205,310)	0	0	0	0	0	0	0	0	0	0	0	(205,310)
TRUST FUND : TURN AROUND TRADE (WAARBORG	Other	Guarentee		0	0	0	0	0	0	0	0	0	0	0	0	0
TRUST FUND : BULK SERVICES WATER & SEWER	Other	Create Infrastructure	Ongoing	(1,689,931)	(36,050)	(39,743)	(36,751)	(47,832)	(160,376)	0	0	0	0	0	0	(1,850,307)
TRUST FUND : BULK SERV LEVY ELECTRICAL	Other	Create Infrastructure	Ongoing	(520,099)	(8,089)	(8,089)	0	0	(16,178)	0	0	0	0	0	0	(536,277)
TRUST FUND : ASHANTI WINE SEWER SYSTEM	Other	Guarentee		0	0	0	0	0	0	0	0	0	0	0	0	0
TRUST FUND : GAUSSIAN RESOURC (WAARBORG)	Other	Guarentee	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
TRUST FUND (IMVUMSA TRADING (RIOOL)	Other	Guarentee	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
ELECTRICITY (ANTHEA DU PREEZ (GAURENTEE)	Other	Guarentee	Once	0	0	0	(30,000)	0	(30,000)	0	0	0	0	0	0	(30,000)
TRUST FUND : JOHN MILLER SUBDIV ERF 413	Other	Guarentee	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
T/FUND : CHATEL ONTWIKKELAARS (WAARBORG)	Other	Guarentee	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
COLIN D BROWN GUARANTEE PIPELINE BUILD	Other	Guarentee	Once	(1,300,000)	0	0	0	0	0	0	0	0	0	0	0	(1,300,000)
T/FUND :GUARANTEE:SUNRISE CONSTRUCTION	Other	Guarentee	Once	0	0	0	0	0	0	0	0	0	0	0	0	0
				(24,935,006)	**(56,959,460)**	**(91,977,530)**	**(42,383,554)**	**(50,587,888)**	**(241,908,433)**	**0.00**	**14,068,403**	**83,217,164**	**55,676,979**	**75,203,261**	**228,165,807**	**(38,677,632)**

APPENDIX E (1)
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

	2014 Budget Income R	2014 Actual Income R	2014 Variance Income R	2014 Variance Income %	Explanation of Variances greater than 10%
EXECUTIVE AND COUNCIL	7,563,515	12,162,261	(4,598,746)	-60.80%	Higher income in interest on investments than budgeted.
BUDGET AND TREASURY OFFICE	217,627,873	194,257,792	23,370,081	10.74%	Lower income than budgeted due to increase in debtors
CORPORATE SERVICES	4,758,751	3,474,493	1,284,258	26.99%	Lower rental income on community halls.and other property
PLANNING AND DEVELOPMENT	5,405,462	6,431,365	(1,025,903)	-18.98%	Lower income on building plan fees and bulk infrsatrucrure levies due to lower dvelopment.
HEALTH	10,369	24,625	(14,256)	-137.49%	Higher due to increase in the apliccation of trade licenses.
COMMUNITY AND SOCIAL SERVICES	3,652,333	4,006,671	(354,338)	-9.70%	Lower income in entrance fees to holiday resorts.
HOUSING	93,357,247	70,050,337	23,306,910	24.97%	Budgeted Income for housing grant to high
PUBLIC SAFETY	16,363,196	19,784,850	(3,421,654)	-20.91%	Lowe income on fines due to lesser fines issued
SPORT AND RECREATION	2,403,107	2,656,633	(253,526)	-10.55%	Lower income on enterance fees to parks, stadiums.
WASTE MANAGEMENT	80,659,738	87,458,153	(6,798,415)	-8.43%	Lower income than budgeted due to increase in debtors
WASTE WATER MANAGEMENT	133,172,804	132,431,107	741,697	0.56%	Lower income than budgeted due to increase in debtors
ROAD TRANSPORT	9,691,191	9,730,868	(39,677)	-0.41%	Higher income on seling of cement products
WATER	140,881,894	142,609,250	(1,727,356)	-1.23%	More income due higher levies due to higher usage of water.
ELECTRICITY	788,393,859	749,474,956	38,918,903	4.94%	
Total	**1,503,941,339**	**1,434,553,361**	**69,387,978**	**4.61%**	

	2014 Budget Expenditure R	2014 Actual Expenditure R	2014 Variance Expenditure R	2014 Variance Expenditure %	Explanation of Variances
EXECUTIVE AND COUNCIL	52,909,301	51,071,066	1,838,235	3.47%	
BUDGET AND TREASURY OFFICE	40,646,579	35,567,600	5,078,979	12.50%	
CORPORATE SERVICES	126,485,131	124,348,359	2,136,772	1.69%	
PLANNING AND DEVELOPMENT	27,880,282	25,801,956	2,078,326	7.45%	
HEALTH	5,405,674	5,379,780	25,894	0.48%	
COMMUNITY AND SOCIAL SERVICES	21,329,657	21,190,333	139,324	0.65%	
HOUSING	141,622,361	110,813,571	30,808,790	21.75%	
PUBLIC SAFETY	43,779,456	43,539,411	240,045	0.55%	
SPORT AND RECREATION	51,104,657	50,529,983	574,674	1.12%	
WASTE MANAGEMENT	78,402,774	77,152,576	1,250,198	1.59%	
WASTE WATER MANAGEMENT	86,874,840	85,014,953	1,859,887	2.14%	
ROAD TRANSPORT	84,116,251	81,931,574	2,184,677	2.60%	
WATER	93,828,939	91,778,706	2,050,233	2.19%	
ELECTRICITY	634,354,185	629,693,073	4,661,112	0.73%	Due to bulk puchases and pre paid fees
Total	**1,488,740,087**	**1,433,812,941**	**54,927,146**	**3.69%**	
NET SURPLUS / (DEFICIT) FOR THE YEAR	**15,201,252**	**740,420**	**14,460,832**	**95.13%**	